Daily Report

Latin America

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FBIS-LAT-91-130 *8 July 1991*

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Area Foreign Ministers Plan Summit Agenda

PA0607041091 Paris AFP in Spanish 1753 GMT 5 Jul 91

[Text] San Jose, 5 Jul (AFP)—The Central American foreign ministers began a meeting today in the Costa Rican capital where they will discuss the reactivation of the Organization of Central American States (ODECA).

The ministers will also study a Honduran security plan, among other topics to be discussed in preparation for an upcoming presidential summit.

Costa Rican Foreign Minister Bernd Niehaus opened the two-day meeting this morning and stated that its main goal is to prepare for the 10th presidential summit in El Salvador on 15-17 July.

Niehaus said that the executive commission of the Esquipulas peace process, which is comprised of the foreign ministers, must discuss a long agenda that includes the evaluation of the pledges assumed at the last two summits and the peace process itself.

The presidential summits have concentrated on economic issues, above all regional integration and development, and the economy ministers and Central Bank presidents have prepared several agreements at that level, including Venezuela's participation in Central America's integration.

They will also determine the creation of payment mechanisms in the regional market with the support of $120 million in EEC funds.

Niehaus said that Costa Rica and Guatemala's proposal to institutionalize the ODECA regional integration process, within the framework of the OAS or a similar system, will be studied on this occasion.

The ministers will also analyze the joint efforts of the Central American nations to finance housing programs and a regional security treaty proposed by Honduras, with the intention of strengthening the regional peace process.

The process includes the limitation of military forces and war equipment, a ban on weapons of mass destruction, cooperation in the counternarcotics struggle, and protection of the ecology.

It also establishes the need for close cooperation between the armed forces of the Central American nations and the pledge not to support subversive groups.

The foreign ministers gathered in San Jose—Julio Linares of Panama; Mario Carias of Honduras; Manuel Pacas of El Salvador; Enrique Dreyfus of Nicaragua; and Alvaro Arzu of Guatemala—will conclude their meeting tomorrow.

Reactivation of ODECA Urged

PA0707194391 Panama City ACAN in Spanish 2308 GMT 6 Jul 91

[Text] San Jose, 6 Jul (ACAN-EFE)—The foreign ministers of Central America and Panama have declared "urgent" the creation of a Central American institutional system. They also recommended to the area presidents who will meet in San Salvador on 15 and 16 July the reactivation of the Organization of Central American States (ODECA).

The foreign ministers, who met in San Jose on 5-6 July to prepare for the presidential summit, discussed an extensive agenda that includes revising agreements made during previous presidential summits on the subjects of the peace process, democratization, and economic integration in the area.

The foreign ministers discussed "the grave problem caused by the proliferation of regional forums and organizations," and concluded that many of them do not have an adequate legal framework because they lack the mechanisms of a permanent regional system.

The document issued at the end of the meeting said that the ministers agreed that a possible solution to the problem would be the reactivation of ODECA, which would have to be reorganized and adjusted in accordance with the region's new needs.

The ministers also said that the Honduran Government's proposal of signing a Central American security treaty to accelerate the region's demilitarization is "compatible" with the Esquipulas II process and recommended that the presidents review it at their next summit.

The Honduran initiative includes a gradual reduction of the armies, cooperation, inspection of arsenals by a Central American commission, banning support for irregular groups, arms trafficking, and regulations on the presence of foreign military advisers, among other points.

Some ministers, among them Salvadoran and Costa Rican Foreign Ministers Manuel Pacas and Bernd Niehaus, respectively, expressed their fear that the proposed international treaty rather than accelerating the demilitarization plans in each country could cause their stagnation.

The ministers, as members of the executive commission, agreed to urge the president of the council of the EC to approve a preferential treatment for Central American products.

The Central American countries made that request after the EC decided at the end of 1990 to grant preferential treatment to exports from Andean countries to support their struggle against drug trafficking.

The ministers noted that there have been preparations for a meeting of Central American and Caribbean foreign ministers scheduled to take place during the second half of November in San Pedro Sula, Honduras, to strengthen cooperation between the two regions.

Regarding the Central American parliament, which Costa Rica and Nicaragua have not yet joined, the ministers recommended that the presidents sign an additional protocol extending the period for holding elections for its members to 24 months after the installation of that regional forum, scheduled for October.

The foreign ministers also made decisions on various subjects such as the advancement of joint plans on environmental protection, health, housing, and educational programs, trade, and Central America's participation in international forums and organizations.

Honduran Official on Summit

PA0707192491 Tegucigalpa Voz de Honduras Network in Spanish 1401 GMT 5 Jul 91

[Telephone interview with Honduran Foreign Minister Mario Carias Zapata from the foreign ministers' summit in San Jose, Costa Rica by correspondent Jose Rolando Sarmiento; date not given—recorded]

[Text] [Sarmiento] Good morning, Mr. Foreign Minister. First we would like to know about a Honduran delegation that has visited the Central American capitals, bearing a government proposal for a Central American treaty on regional security.

[Carias] Good morning. Following presidential instructions, yesterday a delegation visited San Salvador and Guatemala where we met with the foreign ministers and with the defense ministers of those nations. On this mission we were accompanied by Colonel Cesar Agusto Maradiaga Andino [general secretary of the Honduran Armed Forces], Naval Commander Reinaldo Andino Flores, and Mario Hung Pacheco [general auditor for the Armed Forces]. Meanwhile, Defense Minister Colonel Alvaro Romero, accompanied by Ambassador Policarpo Callejas and Colonel [name indistinct] Murcia [not further identified] visited Managua and San Jose, Costa Rica on a similar mission.

The Honduran initiative on security is a very broad presentation on the subject as a whole that has been under discussion at the Security Commission established by the Esquipulas agreements. This commission has been working arduously since last year and this year it has reached agreements—in principle, in the eyes of the Honduran Government—that could allow the security issue to be taken into consideration. This is reflected by the Honduran Government's presentation of a draft Central American treaty on security. It is a text that consists of nine parts [corrects himself] sorry, five parts in which we deal with the numerous aspects that can reestablish the trust and the military balance in the Central American region. This has very special meaning given the experiences and events of the past decade. The outcome of many of these experiences and events still prevail, such as the war in El Salvador.

The Honduran project sets out proposals in the first part, in the form of articles, whereby we, the Central American states, undertake the commitment to exchange information on Armed Forces structures, on the funding that each nation annually assigns to the military apparatus, and on how to reduce the risk of border incidents—through military contacts—including a mechanism to issue prior notice of any military activity or maneuver that each state could carry out near borders with other states.

In the second part, we take into consideration the most vital part of the obligations derived from the Esquipulas agreements, which the five governments have been approving, that is, the prohibition of support for guerrilla forces. The Honduran Government is very sensitive on this issue, given that in the past decade it was a victim of severe criticism. There have been allegations that in Honduran territory there was abuse or a toleration of activities against other states. The press is filled with reports of the use of Central American territories for the trafficking of weapons, as well as infiltration by rebel groups. All these issues would be dealt with in the treaty to make provisions in advance so that these situations are not repeated.

The same holds true with regard to foreign military advisers. There would be an exchange of registries of advisers that operate in our nations, as well the obligation of regional action with regard to terrorism, subversion, and sabotage. There are also new areas in which the role of the Armed Forces is very important, such as environmental protection, mobilization in case of natural disasters, and the struggle against drug trafficking. Of course, we also refer to the need to observe human rights in armed conflicts and the implementation and defense of human rights as the democratic regime's foundation.

To conclude, as to the maximum limits placed on weaponry and the number of soldiers, the progress made on the Security Commission has been taken into account to establish methods to arrive at these limitations. It also has been taken into account that currently there are guerrilla situations, such as in El Salvador and Guatemala, that in a certain way do not allow a quick agreement to be reached on these limits. Nevertheless, certain timetables are fixed so that once the treaty is in force, the Central American nations can arrive at these maximum limits with regard to the Armed Forces in our countries. This would allow the Armed Forces to play a purely defensive role, thereby diminishing the fear that some nation may want to have military superiority over another.

This way, at the end of the decade, we could be closer to harmony in the Central American Armed Forces, which are part of the Central American democratic governments. I have dwelled a little on this point because, as I have said, this is a very broad treaty that we have presented to the various foreign ministries and ministries of defense. Today, I will make another presentation at the foreign ministers meeting in San Jose. We hope the presidents at the El Salvador summit will be able to make a decision on this presentation.

[Sarmiento] For the time being, what can you tell the Honduran people, who are listening directly to this report, about the reaction to this very attractive proposal?

[Carias] Well, we have been told that the Central American governments will study the proposal, which they received yesterday, with great interest. They will certainly study it. The Honduran Government, however, wants to emphasize at this upcoming summit that just as we should do our best to help attain peace in El Salvador, we should also consider a stable system of interregional relations in order to avoid dangerous situations, such as the kind that happened in the past decade when an excessively large Sandinist Army

provoked a reaction in Honduras. This reaction caused complications with the presence of U.S. forces in the area. All of these events have taught us that Central America should solve its problems by itself; therefore, it is essential to have an international mechanism that will establish the duties of each side and that, based on confidence, can coordinate actions against the (?old evils) plaguing us, like drug trafficking, natural disasters, and environmental destruction.

[Sarmiento] Mr. Foreign Minister, where are the high-ranking Honduran Armed Forces officers, the delegation members who visited the Central American capitals?

[Carias] Well, the defense minister left from San Jose last night. The delegates who accompanied me stayed overnight in Guatemala City and are scheduled to return to Tegucigalpa this morning.

[Sarmiento] Moving on to another important subject, the preparation of the agenda for the Salvadoran presidential summit, what can you tell us about the meeting, scheduled for 15 and 16 July.

[Carias] We opened the foreign ministers meeting, which will function as the executive commission of the Esquipulas accords, this morning at 0900. We have several topics, some of them concern follow-up decisions from past summits and others are somewhat sensitive, like the Salvadoran peace process. The Honduran delegation wants to especially reinforce the institutional (?aspect) of Central American integration. We will fully support the conclusions reached by the Central American economy ministers, where the Honduran delegation played an important role.

We also hope that at the San Salvador summit a decision will be made regarding the formation of the committee that will verify the political agreements; this committee will be made up of a delegate from each country's national reconciliation commission. We also hope that a number of decisions will be made concerning Central America's relations with third countries.

[Sarmiento] Mr. Foreign Minister, I would like to take advantage of this moment to broach an issue that is of national interest. It is the withdrawal of the complaint Nicaragua leveled against Honduras at the International Court of Justice [ICJ]. Our country is showing signs of goodwill and rapprochement with the countries in the region and in the fulfillment of its national and international duties. What can you tell us about the situation with Violeta Chamorro's government?

[Carias] As you said, we believe that the time has come for the Nicaraguan Government to prove that it is interested in consolidating a good-neighbor relationship, thus favoring the well-being of the Nicaraguan and Honduran people in the immediate future. There is no reason for Nicaragua and Honduras to distance themselves from one another.

I held a meeting today with the Nicaraguan foreign minister to find out what the situation is with the Nicaraguan Government and about its intentions regarding the complaint. The truth is that at the Central American level it has been underscored that this issue could be resolved in a prompt and decisive manner by the Honduran-Nicaraguan bilateral commission. I believe this is the prevailing sentiment, and I hope that after I meet with the Nicaraguan foreign minister I can provide you with new information.

[Sarmiento] Mr. Foreign Minister, coming up immediately after the presidential summit in El Salvador is the summit of Spanish-speaking countries in Guadalajara Mexico. Can you tell us something about this?

[Carias] We have been working hard and making the necessary consultations at the Central American level, because it is important for the region to show the other countries in the Spanish-speaking community that it wants to be taken into account as a whole. In other words, in its relations with the Spanish-speaking community, Central America's identity must begin to carry its own weight.

President Callejas is ready for the summit; he will express his concept of this new dimension of international cooperation among countries united by cultural and historical traditions. I believe that the meeting's importance has already been established due of the very fact that it is being held. It is the first time that the Spanish-speaking heads of states, including Brazil, Portugal, and Spain will be together. This will generate a force that will enhance our sharing of experiences and favor our jointly building a great fatherland, a confederation of nations for the future.

I believe that the Guadalajara summit will set forth this basic message from a very active sector on the international scene; a sector formed by countries that have very close ties and are aware that they should play an increasingly important role in international life.

[Sarmiento] Political analysts and Central American geopolitical security analysts agree that due to the democratic opening in Honduras and the broad ideological dialogue, there is enough credibility for El Salvador's Farabundo Marti National Liberaton Front [FMLN], for example, to request through the Honduran Government that it be allowed to make a speech at the San Salvador meeting when the two sides in conflict meet in that country, in the hope that peace may be established in El Salvador.

[Carias] For the time being I cannot comment further on the subject except to say that the Honduran Government is undertaking all of the pertinent measures to accomplish rapprochement between the Salvadoran Government and the insurgent forces. We are entering a very delicate phase of the negotiating process. I do not believe that it is good to speculate along lines that surpass reality. [words indistinct] to bring the Salvadoran Government and insurgents together and bring peace to the neighboring country. This will (?indisputably) be done.

[Sarmiento] You definitely expect that there will be a climate of understanding with regard to the resolution of El Salvador's problem?

[Carias] I believe so. I believe that the negotiations should be intensified, that an effort should be made to achieve a cease-fire with international observation, and that a number of measures, which could be described as political, should be

promptly undertaken to allow the FMLN to lay down its weapons and join the neighboring country's political life, thereby restoring national reconciliation in El Salvador.

[Sarmiento] Yesterday we read a Foreign Relations Ministry bulletin about an incident that took place in Spain....

[Carias, interrupting] Sorry Mr. Sarmiento, but for the time being I will not be making any comments about this.

[Sarmiento] What might the results of the San Jose foreign ministers summit be?

[Carias] As I have already said, we expect to make very firm commitments and decisions regarding the future of Central America in the areas of the economy, politics, and security. We also want to form an active bloc for relations with third countries. As you already know, we have given the green light to sign a (?document) that will serve as the basis for commercial cooperation with Venezuela. We will also review everything to do with Central America's relationship with Mexico in order to consolidate commercial and financial cooperation ties. We will also review Central America's role in our regions' democracy and development. The agenda is very complete but shows that Central America is on the move and that Honduras is committed to accomplishing these steps and projecting our region internationally.

[Sarmiento] It has been mentioned in San Jose that there is a possibility that some Latin American presidents may attend the Salvadoran presidential meeting on their way to Mexico. Is this so?

[Carias] Venezuelan President Carlos Andres Perez and Chilean President Patricio Aylwin will meet the Central American presidents in San Salvador at some time.

Cuba

More on Ninth National Assembly Sessions

Castro on Halting Corruption

FL0507165491 Havana Tele Rebelde Network in Spanish 1020 GMT 5 Jul 91

[Text] The subject of measures against delinquency was discussed by our commander in chief. He said that preventing crime requires popular participation.

[Begin Castro recording] I believe that nowadays the police have a more energetic attitude, are more systematic, so are the courts and the prosecutors. We have to win this battle. But it should be won mainly by the people, from the grass roots. Not all crimes can be included, but a great number of the irregularities, immoralities, and acts of corruption are going to be halted. I cannot see any other way than the mass participation formula and I can only envision this mass participation formula through the People's Councils.

We have to discuss this struggle. We have been in a way undetermined. We have been undetermined in confronting crooks. We have to say it, we have yet to discuss it here. Since last year an organized campaign has been conducted against these gang leaders, bosses, and organizers. Call it [Operation] Maceta, call it [Operation] Cascabel, I do not know what hell of a name is going to be selected next. These people were clear offenders. Everyone knew that they were crooks, that they lived in the lap of luxury, and did whatever they pleased. But a campaign was started, first in Havana and then in the rest of the country. This is an on-going campaign.

Who can really keep an eye on every offense, on every irregularity, on anybody who is living above his means? When will this be more effective than when the local people are in charge, when the people that work in these places, the people that know everyone there, manage these [watchdog] services? We have to promote this. We are going to create a mechanism that is truly of the people to stop these individuals from stealing from the people. If they start stealing chickens, rations, all these things, it all becomes more severe. It does more harm during this special period. How can they replace whatever is stolen?

That is why, this is my opinion, I say that the top level cannot win this battle alone. The battle has to start from the bottom with the top level supporting the battle. I believe that the People's Councils are the organizational units of a great city like this one. There might be others, but I am sure that the most efficient....[changes thought] Besides, some people need to be elected, they need authority, recognition, and popular support. To elect a district delegate....[changes thought] District delegates have been powerless. They had to rush around after work every day to check the complaints of their constituency and then run to the municipal or provincial level to check what the hell was going on in such and such market. They could not be effective. Nowadays a district delegate together with the People's Council is extremely powerful. We have given district delegates every power and if we have to give them even more power we will do so. [end recording]

Castro, Health Official Meet

FL0507191591 Havana Tele Rebelde Network in Spanish 1700 GMT 5 Jul 91

[Report on comments by President Fidel Castro and Vice Minister of Public Health Hector Terry Moliner during the morning session of the National Assembly of the People's Government [ANPP] in the Palace of Conventions in Havana, 5 July—recorded]

[Text] The concensus of the National Assembly of the People's Government [ANPP] was a positive evaluation of the progress made by Sancti Spiritus Province over the last few years in the sugar industry program and also in the development of the Turquino Plan, although it recognized that the situation in cattle breeding is not favorable with a high mortality rate and a lower rate of milk and meat.

There was repeated praise for the province's successes in advances in health, which provided the opportunity for this exchange of opinions.

[Begin recording] [Fidel Castro] On the matter of the life expectancy, I do not know if there is any one here that knows what the parameters are when we speak of life expectancy. It does not surprise me that Sancti Spiritus is a little further advanced. Whatever the circumstances, it has been 22 months since there was a case of a mother dying in childbirth. If infant mortality has been 7.2 percent, with these facts and others, what more could we mention to explain in contrast to a province where infant mortality had been 12 or 13 percent? The figure Nillo [not further identified] was talking about should be the same as the national average. But, what has happened with the national average? More than once I have talked about this. What are the bases? The international parameters? We have a number of things that no country out there has.

[Health Vice Minister Hector Terry Moliner] We can continue advancing, with the resources we have of this system of primary health care, which no one else has, through the family doctor program. We have to learn to work. We have to say that we have not learned how to make it work. We have not learned how to work with it yet. We have to improve the work of the family doctors' system. We are sure that, with the quality of life that our country has, with the diet our country has, and with these possibilities, life expectancy will continue to increase. But, furthermore, I believe that all of us, beginning with me, we have to change our conduct and lifestyle. The habit of smoking is still very widespread here in our country. We have a high percentage of doctors that still smoke in this country. We were saying to the comrades in Sancti Spiritus that despite all of their achievements, 34 percent of the doctors in that province are smoking. We cannot be an example that way....

[Castro, interrupting] 34 percent.

[Terry Moliner] Yes, of medical personnel. Of nursing workers, 29 percent are smoking. We cannot give an example to the people to change their conduct, their lifestyle....

[Castro, interrupting] Which province has the most doctors who smoke?

[Terry Moliner] No, in general Commander, this is a national average, we have a national average of 32 percent.

[Castro] But, of the doctors?

[Terry Moliner] In the institute, you do not to....

[Castro, interrupting] Of the doctors?

[Terry Moliner] Of the doctors.

[Castro] And in your institute?

[Terry Moliner] It is a scandal. It is 50 percent.

[Castro laughs]

[Terry Moliner] Really for me this is a disgrace. It is. [end recording]

Sessions End 5 Jul

FL0507181291 Havana Tele Rebelde Network in Spanish 1700 GMT 5 Jul 91

[Text] The National Assembly sessions concluded at noon today. Our reporters will give you more details of this last day of work.

[Begin unidentified reporter recording] The deputies of the National Assembly of the People's Government [ANPP] have agreed to extend the term of the current legislature and the current mandate of the local government bodies for a period of no longer than one year as provided by our Constitution.

The Cuban parliament adopted this decision after hearing the arguments by ANPP President Juan Escalona Reguera. Escalona also chairs a committee that is in charge of examining the functioning of the ANPP structures aimed at perfecting our socialist democracy. He noted that during the call for the fourth party congress, thousands of views were expressed and suggestions were made by the people regarding new ways of electing deputies and about the functioning and structure of the local government bodies. He added that it is not advisable to hold new elections on the date provided by law during the next term of the current mandate at the end of the year. The remarks made during the debate of the call for the congress involve constitutional amendments of the electoral law and other legal norms. All this, he said, requires a period of study that goes beyond the term set for new elections.

The current circumstances and the efforts the country needs to make to face them prevents the implementation of these changes in a shorter period of time. Articles No. 70 and No. 111 of our Constitution authorize the ANPP to extend the mandate of delegates and deputies for a period of no more than a year under extraordinary circumstances that prevent the elections to this body. This was precisely the agreement adopted by the Assembly, to postpone the next election process up to the time in which the conditions allow it, always within the period set by the Constitution. [end recording]

Further on Closing

FL0607011291 Havana Radio Rebelde Network in Spanish 2356 GMT 5 Jul 91

[Excerpt] Dr. Juan Escalona Reguera, the president of the National Assembly of the People's Government [ANPP], summed up the work of the Ninth Regular Session. Very simply, he explained why our commander in chief was not going to give the closing words.

[Begin Escalona recording] I think it would really be asking too much if we were to attempt to have the commander in chief give a speech today. [applause] Do not get your hope up. I have said it would be too much [laughter] because yesterday he gave a lengthy speech about all the problems of the sugar industry when we were discussing the report by the Ministry of the Sugar Industry, and also about the situation of crime in the country. [end recording]

Without further preamble, Escalona himself gave the closing words. [passage omitted]

Escalona Closes Session

FL0507192991 Havana Tele Rebelde Network in Spanish 1700 GMT 5 Jul 91

[Remarks made by Juan Escalona Reguera, president of the National Assembly of the People's Government, ANPP, during the closing of the Ninth Regular Session of the ANPP, on 5 July at Havana's Palace of Conventions—recorded]

[Text] It is time to fulfill a practice we usually follow, to designate the province that will report back during our Assembly's next session in December. We submit for your consideration the proposal that this province be the westernmost province of Cuba, Pinar del Rio, the former Cinderella. [applause]

We also wish to propose to the Assembly the following. It is also customary to select a state central administration organization to report back. We would like to introduce a change. In line with the agreement reached early this morning regarding the changes in the ANPP, everything seems to indicate that during the next sessions we will have to seriously face hard work in examining legislative modifications, perhaps of the text of the Constitution and the Electoral Law. In line with that, I propose to the deputies that we dispense with the reporting back by an organization, devoting that time and effort instead to the changes, study, approval, and discussion of the bills we bring to the Assembly. Do you agree with this proposal? Please let it be known. [video shows delegates raising their hands] Very well. Does anyone oppose this? [video shows delegates sitting still] So, Pinar del Rio and we will report back to the Assembly.

I want to refer to this session. Yesterday, when we listened to the Sugar Industry Ministry report and, today, when we heard the Sancti Spiritus report, it was difficult for us to believe that we are facing the special period in our country.

I believe the explanation for this was given yesterday by the commander in chief who noted that the day will come when we will thank the special period for the things it has made us capable of, and for the opportunity to show ourselves capable, despite the difficulties, the lack of raw material, and the lack of basic goods for the development of the country. I do not believe we should build up our hopes. I feel, I am convinced, that getting out of this special period in the shortest period of time will depend on our efforts, our determination, and our will to struggle, resist, and win.

Nevertheless, we have to face enormous risks. Regrettably, these risks do not depend on our efforts, but basically depend on external factors that can force us to tighten our belts even more. It has to be said that if in the middle of a period such as this we have found solutions to the issues regarding our population's living conditions, and are struggling everyday to solve the problems of production increases and our agricultural yields, to solve the first priority of the country, our food program....[changes thought] I believe that the first commitment of the deputies of the Assembly, with their constituents and local governments, should be to give unconditional support to these measures.

Yesterday, we heard about heroic feats that are performed everyday by groups of workers in the fields, and efforts made in our factories to produce what appears to be impossible. [Pedro] Chavez [president of the People's Government in Havana City] talked a while ago about the efforts that have been made in rebuilding garbage collection trucks in Havana City. What used to be wreckage was turned into 38 vehicles for the use of the population, and capable of providing a service.

I do not have the slightest doubt that in the efforts made by our party and the country's political leadership of our population, and basically our youth, in their education and development, lies the foundation that allows us to assert that we will resist and develop.

I expect from all of you your cooperation in the analysis of the modifications to be introduced into our legislation. I wish you all a happy return to your provinces. Thank you very much. See you during the next sessions. [applause]

'Double Agent' Speaks to Foreign Journalists

PA0607005891 Madrid EFE in Spanish 0113 GMT 3 Jul 91

[Text] Havana, 2 Jul (EFE)—Cuban Jose Rafael Fernandez Brenes was publicly presented in Havana today as an agent of the Cuban political police, who infiltrated the CIA after he deserted Cuba and traveled abroad in 1988.

The Cuban Interior Ministry disclosed the role played by Fernandez Brenes, 52, as a double agent during a news conference held exclusively for foreign correspondents accredited in Cuba, without giving any reason for this decision.

Fernandez Brenes said that he was Cuban agent "Orion," and as such collaborated with the CIA, the U.S. Information Agency (USIA), and the FBI, and also worked as a producer, director, editor, and scriptwriter for the U.S. television project TV Marti, which transmits in Spanish.

Fernandez Brenes, who described himself as "a veteran of Cuban intelligence services," said that he returned to the island on 12 June because he was ordered to do so.

Although he claimed to have worked for Cuban state security since 1963, he did not answer a question when asked what his first mission was as an agent in the United States.

During a news conference held prior to the transmission of a videotaped program by the Cuban state television, Fernandez Brenes said that "TV Marti" was born being jammed, "because we kept the Cuban Government up-to-date on the project from Washington."

In that regard, he added that "TV Marti's signal cannot be seen and will not be seen." He recalled that the day on which TV Marti began its transmission he was at the studios, had prepared the announcement for that first day, and had instructed the station announcer who read it.

TV Marti began transmitting on 27 March 1990, and since then the signal beamed by an aerostatic balloon placed more than 3,000 meters above southern Florida (USA) has been permanently blocked by Cuban authorities, who claim that the station cannot be seen anywhere in the island.

According to Fernandez Brenes, he was working as a professor at the "Miami Technological College" when he received the proposal to work for TV Marti as a CIA agent through Ramon Mestre, a former director of Radio Marti, which is linked to the television station.

He stressed that he was considered because of his more than 25 years of experience in television and his knowledge of the Cuban market.

Based on the biographical data given during the program, Fernandez Brenes had worked for Cuban television as a scriptwriter and producer, had studied drama and theater, and was a professor in both specialties.

His main duties included reviewing the material to be transmitted, except for the news, helping to write and promote programs, assisting in the development of new ideas for programming, and ensuring its professional quality.

Fernandez Brenes said that the day before he left the United States he was confirmed in his job, which also included gathering information for the CIA and USIA on the Cuban personnel hired for TV Marti.

Further on Conference

PA0607004091 Havana Cubavision Television in Spanish 0252 GMT 3 Jul 91

[News conference by Cuban Intelligence Agent Jose Rafael Fernandez Brenes with foreign reporters in Havana on 2 July—recorded; monitored in progress]

[Text] [Fernandez] ...as is normal, a security department, which is in charge of giving clearance and checking the personnel who work for this agency. To work in this agency, they chiefly prefer U.S. citizens or people who have been living a minimum of five years in the United States and who have, of course, residency papers and the like so that they can conduct a background check of the past five years.

The USIA Security Department works closely with the FBI, which ultimately conducts the checks on the personnel. These investigations are periodic, strict, and rather thorough, as the individual reaches positions regarded as sensitive or positions that allow a person to have access to various types of information. They must be careful to keep this information from leaking. At one point in my relationship with this department, special agent Carlos Yanes of the USIA Security Department—who works on the budget and for the FBI as well—suggested that I work for this department to provide information about the personnel who work for TV Marti. As for the suitability of this job to my work as a Cuban intelligence agent, well, that seems obvious.

[Reporter] [Name indistinct] of VENPRESS news agency. You just said that TV Marti is managed or is heavily influenced by this Cuban-American foundation.

[Fernandez] It is manipulated by it.

[Reporter] It is manipulated by it. Can you explain this a little more, chiefly, regarding the programming that the station wants to broadcast, since we have not really seen it.

[Fernandez] Nobody has. Nobody has been able to see it. The Cuban-American National Foundation [FNCA], which is regarded by Cuban exiles living in the United States as a rightist group, is chaired by Jorge Mas Canosa. Mr. Mas Canosa is the foundation's chairman in the White House. The FNCA is a powerful organization, since it has funds and an organization that—I believe I said this earlier—financially supports many U.S. congressmen. This gives it power. The work is carried out in different ways. Citing some clear and outstanding examples, I can tell you how the Marti Radio and Television are used to...[sentence abruptly cut off]. The work aims at portraying Mr. Mas Canosa, even above the infighting...[sentence abruptly cut off] as someone who is likely to be president of Cuba in the future. At the same time, work is done to try to sideline the person who in some way represents the liberal wing, that is Mr. Montaner, who happens to be Mas Canosa's political rival. Here is another important example of the shape the manipulation takes. I remember that on one occasion I was talking to Mr. Jorge Navarro, director of the Marti Radio and Television system about this matter...[sentence abruptly cut off] harms us, that the United States should give up on the idea because it is sterile and does not yield results. This was indeed a problem, but Mr. Mas Canosa was meeting airplanes from Cuba carrying people who were leaving the country for good. The purpose was to conduct a survey, commissioning a company that has handled many works for the FNCA. A man named Jose Hernandez, known as Pepe Hernandez, was commissioned to survey the people who arrived from Cuba. He is one the FNCA leaders closest to Mr. Mas Canosa. Pepe Hernandez carried out the job with this company. Of course, 30 percent out of....[changes sentence] It was impossible. Although some people coming from Cuba lied and said they did watch the signal, the number never went up to 30 percent.

For that reason, the results were altered and the figure went up to 28 percent. The idea was to publish the survey, showing that 28 percent of the people watched TV Marti; that is to say, 3 million people. Presumably, 3 million people were watching the signal, which is a blatant lie. It was a big lie. That was published as a fact.

[Reporter] [Question unheard]

[Fernandez] Let us say that the programming includes dramas, variety shows, news, that is, programs with comedy, drama, news, entertainment, childrens' programs. Even though it is broadcast from 0300 to 0600, it includes childrens' programming. The rest of the programming includes newscasts. Those are the two kinds of programming.

The majority of the programs broadcast by Television Marti are selected programs. In other words, the various television networks, the various television producers of Latin America and the United States are constantly offering programs to Television Marti. There is a department that selects all of these offers. They would send the programs to my department, and I decided on their suitability.

[Reporter] I have two questions. The first one is: Why does Television Marti broadcast from 0300 to 0600?

[Fernandez] There is a problem that has to do with some kind of a legal arrangement. Television Marti broadcasts on Channel 13, and the autonomy of Channel 13 belongs to Cuba. In other words, the Television Marti broadcasts are a blatant aggression against our country. It is blatant aggression against Cuba. In other words, it is frankly unacceptable. Nonetheless, they do it. They use that schedule, because at that time, we do not have any broadcasts. It is their justification.

[Reporter] My second questions is: How can you explain that the U.S. Congress approved a budget of $11 or 13 million annually....

[Fernandez, interrupting] $14 million.

[Reporter] ...$14 million, knowing and having information—as a result of the independent investigations done by Congress—that this was a project that is not being (?seen) at a time when there were budget cuts?

[Fernandez] Yes, I believe that no one can explain that, because it is not very logical. Nonetheless, it must have had some logic when it was approved. I think that there is definitely the influence of the National Cuban-American Foundation with its economic contributions to the campaign of the various congressmen and so forth.

I know of a case that I even discussed with Mr. Navarro. It is the case of Congressman John Dingell, who has always

opposed the project. Perhaps you have heard about him in the United States. The Television Marti and Radio Marti officials always referred to him in a derogatory manner, as a mediocre individual who used other people's work and then signed it. I once referred to this man's position when I spoke with Mr. Navarro, and Navarro told me he had even asked Mas Canosa to investigate this man through a private investigating company to see if he was receiving money from Cuba and so forth.

[Reporter] Could you expand a little about your collaboration with the Cuban counterintelligence services? When did you join? What were the reasons for your collaboration?

[Fernandez] Well, I can tell you that I am a veteran. I have been in the security services of my country for many, many years. That answers your first question. Pardon me, but what the second question?

[Reporter] What were the reasons that motivated you to collaborate with the intelligence services?

[Fernandez] The reasons?

[Reporter] Yes, the reasons.

[Fernandez] Well, in my youth I was a member of the 26 July Movement. I was a fighter, in action, and sabotage of the 26 July Movement ever since I was 16 years of age. In other words, I am an old revolutionary.

[Reporter] Tele Marti did not achieve its original goal of getting the signals to enter Cuban space. Now then, as one of the main producers of programs for Tele Marti, how can you explain... [changes thought] or rather what do you expect to do now following a failure one year later? In other words, what are the goals? Will this television station continue broadcasting?

[Fernandez] There are no goals, inasmuch as these signals are not being seen, nor are they going to be seen. This is simply due to the stubbornness of the United States that simply does not want to give up.

[Reporter] [Words indistinct] Why does the connection between the CIA and the USIA exist? In other words, what does the CIA, and not USIA, have to do with the Tele Marti Project? The second question is, why did you decide to reveal your identity and job just one month before the Pan-American Games and the visit by a U.S. team, when the attention of the United States and the world will focus on Cuba? Why make these revelations now?

[Fernandez] Regarding your first question on what the CIA has to do with USIA....

[Reporter, interrupting] Or what does it have to do with Tele Marti.

[Fernandez] The Cuban system of broadcasts to Cuba, that is Radio and Television Marti, is administered by the USIA. When the U.S. intelligence agency asked me to work against the U.S. Information Agency, because this is working against it, I was surprised. I asked myself: Why is the U.S. intelligence service acting against the U.S. information service. This kind of activity has supposedly been prohibited. However, it is being done. The U.S. Central Intelligence Agency needs information on what is going on inside USIA. It needs information on the individuals who hold important positions within USIA. For example, the U.S. Central Intelligence Agency knows that Antonio Navarro, director of the Cuban system of broadcasts to Cuba, frequently met with Cuban officials in New York City not long ago.

[Reporter] [Words indistinct] surely because it has been considered a timely opportunity. How many years have you been working in the United States?

[Fernandez] Working in the United States?

[Reporter] Yes.

[Fernandez] I have been working in the United States for approximately three years.

[Reporter] But you have worked before in the United States, right? This was not your first mission in the United States, was it?

[Fernandez] No.

[Reporter] How many times before have you worked in the United States?

[Fernandez] I would rather not comment on that.

[Reporter] Did you know that within the Voice of America and the very Radio Marti there were people who strongly opposed the initial broadcasts of TV Marti. Did you know that, for example, Ernesto Betancourt left his job for opposing this project? Can you comment on this?

[Fernandez] The people who work at Television Marti are aware of the opposition by various groups. Even in Washington, we witnessed demonstrations by people who opposed the beginning of the broadcasts by Marti Television. Regarding Mr. Betancourt's case, when I began working....[changes thought] Betancourt was fired from the post of director of Radio Marti for opposing the Television Marti Project. When I began working, Betancourt was not there. In other words, Betancourt has other interests. Basically, the idea I am trying to convey to you is that Betancourt responds to interests other than those of the National Cuban-American Foundation. That is the main reason for Mr. Betancourt's departure from Radio Marti.

[Reporter] Perhaps have you ever...[statement abruptly cut off]

[Fernandez] When one of our men goes out to fulfill a combat mission, he does not know when he is going to return, or if he will ever return. This is simply not known. And I felt it. Yes, I did feel it.

[Reporter] [Words indistinct] your actions, I realized that you used the plural when saying that you kept the Cuban Government authorized on the details of the project. Are there still any Cuban agents left in Tele Marti?

[Fernandez] You should ask...[laughter, changes thought] I recognize that it is a mistake to refer to myself in plural. This is a vice on my part.

[Reporter] It is an expression of modesty.

[Fernandez] [Words indistinct] [laughter]

[Reporter] A few days ago, newspaper GRANMA published a report stating that Mr. Montaner was a CIA agent. You have said that TV Marti is working against Mr. Montaner. [words indistinct]

[Fernandez] Mr. Montaner works for U.S. intelligence. However, I did not say that Television Marti worked against him, but that it was not in his favor. This is a way of trying to minimize and keep him playing a low profile, without attacking him. I do not know whether this answers your question, does it?

[Reporter] Yes.

[Moderator] Well, we thank the journalists who have participated in this news conference very much, and (?Brenes), we thank you very much for this first interview in your fatherland.

Comments on Mission

FL0507223091 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 4 Jul 91

[Text] Jose Rafael Fernandez Brenes, the Cuban agent who outwitted the CIA, expressed his desire to work again in Cuba as a plain television writer. Agent Orion, the Cuban who infiltrated via the CIA the work of the so-called TV Marti project, spoke with his former colleagues at the Cuban Radio and Television Institute [ICRT] whom he had not seen for the three years since he left the country, apparently in an act of treason against the fatherland.

[Begin recording] [Fernandez] I worked for many years here in Cuban television and also in radio. I think these things serve a little to reinforce a little more the people's revolutionary spirit, so that they will see, so the people will understand and know—although the people know it very well—so that they will know that the men of the Ministry of the Interior do not fail.

[Unidentified speaker] Since you have left there, what projects can that famous (?TV-22) do in the future?

[Fernandez] I do not know. They will have find another adviser, precisely because I was the one in charge of future projects. [laughter] So I handled the new ideas, the new programs, and those things.

[Unidentified speaker] When you left Cuba, at the time you had to leave Cuba, you also knew what this meant for your image among your colleagues, among us. How much did this weigh on you in your joining that project, and even in carrying out your mission?

[Fernandez] As you know, when you carry out a mission of this kind, you do not know when you will return. In this case, I was extraordinarily lucky, because I was able to fulfill all the objectives of my mission and receive the order from the revolutionary leadership to withdraw. I missed Cuba a lot. Here a lot of colleagues who have travelled know that when you are abroad you really feel the pull of your fatherland, besides which I have my family and all here, my children, my grandchildren and all.

It makes me very happy to be back. When I returned, I remember that when I returned to my house, no one at my house was expecting me at all. I arrived, I knocked on the door, and the people were fainting on the floor and all that. [laughter] Because that is how these things go. I want to work again with you, just as always, do programs again, work again with the actors, the directors, with my old colleagues, just like always. [applause] [end recording]

EFE on TV Marti 'Agent'

FL0507222991 Havana Radio Rebelde Network in Spanish 1155 GMT 3 Jul 91

[Text] Here is a cable from the Spanish News Agency EFE, dated 2 July. The Central Intelligence Agency [CIA] of the United States denied Cuban Government claims on Tuesday that a Cuban intelligence agent had infiltrated its ranks in the closing years of the 1980's.

Jose Rafael Fernandez Brenes was publically presented today in Havana as an agent of Cuban security. He infiltrated the CIA after faking his defection in 1988. A spokesperson for the CIA, Peter Ernest, declared that the Cuban Government claims concerning this agent are not valid.

The Ministry of the Interior revealed the supposed double game of espionage played by Fernandez Brenes, 52 years old, during a news conference of accreditated foreign newsmen in which the agent appeared.

Fernandez Brenes confirmed that he worked as a double agent in the CIA, United States Information Agency, USIA, and the Federal Bureau of Investigations, FBI, besides working as a producer, director, and writer for the anti-Castro television project TV Marti, which has been broadcasting in Spanish since March 1990.

Gorbachev Remarks on Cuba-U.S. Ties Downplayed

PA0507222991 Mexico City NOTIMEX in Spanish 1955 GMT 5 Jul 91

[Text] Havana, 5 Jul (NOTIMEX)—A member of the Communist Party of Cuba's [PCC] Central Committee today downplayed Soviet President Mikhail Gorbachev's remarks in favor of the normalization of Cuban-U.S. relations.

Cautiously and reservedly, Carlos Aldana, also responsible for the PCC's ideology and foreign relations, told NOTIMEX that Gorbachev's remarks for the Mexican newspaper EXCELSIOR this week "were nothing new."

In the framework of the first round of sessions of the Cuban National Assembly (Parliament), Aldana said that the Soviet leader's stand is "consistent with the Kremlin's foreign policy." Aldana, however, did not expand on this.

Aldana has been very reserved concerning the results of his official visit to Moscow last week, where he met with Gorbachev and Soviet Foreign Minister Alexsandr Bessmertnykh.

Over the past seven months, top officials of the Soviet Foreign Ministry on visits to Havana and Washington

have said that their country is willing to serve as "mediator" in a Cuban-U.S. dialogue.

In Havana this week, Jose Fernandez Brenes, the Cuban security agent who infiltrated U.S. information and intelligence agencies during the past three years, reiterated that Cuban and U.S. officials have "held secret talks."

This information was published a couple of months ago by a Miami newspaper, which said that the secret meetings have been held in New York over the past three years.

The Cuban press, however, has not published any statement by the Soviet president on the Kremlin's stand in favor of the normalization of relations between the island and the United States, which has maintained an economic blockade against Cuba for 30 years.

International Leader Arrives To Talk to Castro

PA0807043291 Paris AFP in Spanish 0331 GMT 8 Jul 91

[Text] Havana, 7 Jul (AFP)—Adolfo Suarez, the man who led Spain through its transition to democracy, arrived today in Havana as a guest of the Cuban Government. On arrival, he stated simply: "I have come to talk with Fidel Castro."

The president of Liberal International, who was the first Spanish chief of government to visit this Caribbean island in September 1978, said that he was bringing no message and no commission.

Suarez said: "We will discuss all suitable subjects," and went on to mention some Latin American problems, such as the debt.

The Spanish politician said his visit is of a "friendly" nature.

Suarez, who arrived in the company of Democratic and Social Center Deputy Raul Morodo, was received at the airport by Cuban Foreign Minister Isidoro Malmierca and Cuban Deputy Foreign Minister Alcibiades Hidalgo, as well as by Jose Millar Chiomin, a close aide of Cuban President Fidel Castro.

Some observers have noted that the prestige Suarez enjoys in the island could make him a privileged interlocutor in Cuban-Spanish relations. These observers have pointed to the fact that Suarez' visit is taking place less than 15 days from the day when the first Ibero-American summit will take place in Guadalajara (Mexico). Castro and his Latin American counterparts, as well as King Juan Carlos of Spain and the president of Portugal, will participate in the summit.

Raul Castro Praises Scientific Developments

FL0607174591 Havana Tele Rebelde and Cuba Vision Networks in Spanish 1700 GMT 6 Jul 91

[Excerpt] Army General Raul Castro, minister of the Revolutionary Armed Forces, has sent a letter of acknowledgment to a group of scientists and specialists who created medical equipment called Cortex 2. The letter was read during the 38th anniversary of the Moncada Barracks commencements during which 26 cadets graduated as military doctors along with a large group who received their bachelor's degrees and general practitioner nurse certificates.

The ceremony was held at the Dr. Luis Diaz Soto Higher Institute of Military Medicine, which has already graduated—during its 11 years of existence—some 1,300 people who have received diplomas in various specialities. Among this last group were the first doctors who were accredited in the military general integral specialty.

In his letter of acknowledgment, Army General Raul Castro praised the work of Cuban scientists who, in coordination with the USSR Sciences Academy, created the Cortex 2 equipment that is currently being used at the Mir permanent space station. [passage omitted]

Labor Leader on Supply Shortages, Economy

PA0707135791 Mexico City NOTIMEX in Spanish 0010 GMT 6 Jul 91

[Text] Havana, 5 Jul (NOTIMEX)—Pedro Ross Leal, the secretary general of the Central Organization of Cuban Trade Unions (CTC), admitted here today that there is some concern over the country's economic situation but denied that there is widespread discontent.

Speaking to NOTIMEX, the labor leader said that the concern is fueled by the fear that the island might wind up without petroleum or electricity due to the lack of Soviet supplies and the U.S. economic blockade.

"We will have to use candles," Ross said, alluding to the dwindling supplies caused by a shortage of raw materials from the Soviet Union, the country with which Cuba conducts 85 percent of its trade.

During a break in the first annual period of sessions of the national assembly (parliament), which began its work yesterday in Havana, Ross rejected the notion that the Cuban workers are upset and said that Cuban workers counter their problems by working.

In the first five months of 1991 very few raw materials and consumer goods—except crude—have arrived from the Soviet Union, although unofficial sources claim that the shipments apparently resumed some time in the past 15 days.

Ross said that he knew nothing about rumors and charges by dissidents that worker shock brigades allegedly have been formed at work centers to face any possible expressions of discontent.

Ross said: "I would have to confirm that," adding that it would not come as a surprise to him if the workers have organized—as they have since the onset of the revolution—to stop the enemy in its tracks.

Commentary Lauds Upcoming Congress, Resilience

PA0707154791 Havana Radio Havana Cuba in Spanish 1400 GMT 6 Jul 91

[Commentary by Arnaldo Hernandez]

[Text] Kept awake by a disquieting insomnia caused by the slow development of events in the Soviet Union and compelled to use their ingenuity day after day due to the economic blockade imposed by eight Yankee administrations, the Cuban communists have been making preparations to hold their fourth congress. Calmly and without fanfare, acutely aware that their revolution is today facing the most difficult moments of its existence, some 1,800 communists, representing the more than 500,000 Cubans who are militants in the country's only party, will meet on 10 October to examine the present and draft guidelines for the future.

In spite of the charges of immobility and attrition, which the least enthusiastic observers attach to the Cuban experience, President Fidel Castro and the ruling party have demonstrated a pragmatism and a capacity to adapt to new situations that the Pentagon strategists find maddening. This is not the first time that Washington spokesmen have commented on Castro's capacity to make the most of adverse situations and to use these situations to the benefit of the revolution!

The small Caribbean island, a country in which the mistakes of Slavic socialism were never committed, appears to be taking advantage of the fall of socialism in East Europe to not only devise a program of food and economic development that will free it from dependence on its former trade partners, but to also introduce variations in the party mechanisms that will favor the exercise of internal democracy.

The convocation to the Fourth Congress was discussed by several million Cubans at assemblies held at work centers and in the neighborhoods and communities, and tens of thousands of suggestions were made and concerns expressed. And now, for the first time ever, the members of the central committee of the ruling party will be freely nominated at each of the party's 49,000 rank-and-file organizations throughout the country.

As a result of this, there will not be a single member of the party leadership who will not have been nominated and approved by not only the rest of his colleagues, but also by a simple majority of all the members of his work, study, or research center, even if they are not a member of the party. This is probably the first time ever that a communist party in power has implemented such a system of popular participation. And there are undoubtedly many more innovations to be put into practice in the country's political and economic systems.

Consequently, in the face of efforts to lock Cuba into the vise of immobility, the Cuban Communists—taking their cue from Galileo Galilei, proclaim: E pur, si muove!

New Pioneers Organization President Appointed

FL0607144691 Havana Tele Rebelde Network in Spanish 1200 GMT 6 Jul 91

[Text] Juan Contino, a member of the Union of Young Communists National Bureau, has been appointed president of the Jose Marti Pioneers Organization. Ofelia Liptak had been holding this position until now. She was released from her duties because of personal problems.

With his track record as a student and youth leader, Juan Contino has shown that he is capable of promoting the work of the Jose Marti Pioneers Organization.

Inter-Caribbean Affairs

Grenada, Cuba Work on 'Normalizing Relations'

FL0507123391 Bridgetown CANA in English 2257 GMT 4 Jul 91

[Text] Basseterre, St. Kitts, July 4, CANA—Cuba and Grenada have completed another round of talks aimed at improving relations that turned sour seven years ago. Grenada's prime minister, Nicholas Brathwaite, and Cuba's vice-foreign minister, Ramon Sanchez-Parodi, said they met for three hours Wednesday to work out "the diplomatic modalities" for normalising relations between their countries.

Grenada has welcomed Cuba's withdrawal of a litigation case to reclaim construction equipment given to the People's Revolutionary Government [PRG] of Grenada that was deposed in a bloody coup in October, 1983. Brathwaite told a press briefing Thursday that current talks related to a formula by which Cuba would extend its "recognition of the legitimacy" of the elected government in St. George's. Cuba was close to the leftist PRG but distanced itself from the U.S.-backed government that followed it.

Brathwaite said he and Sanchez-Parodi have agreed to "leave the door open for more talks," particularly since both sides were interested in improving relations, "and considering that our (Grenada's) stand is not based on any ideological fixations."

Speaking for Cuba, Sanchez-Parodi confirmed that "a very useful meeting" was held Wednesday night with Brathwaite and "there are reasons to believe that a formula would soon be found that's mutually acceptable." The lack of warmth in Cuba-Grenada relations has proven an obstacle in Cuba's bid to become a member of the Caribbean Tourism Organisation (CTO).

Both Sanchez-Parodi and Brathwaite have confirmed that various initiatives have been suggested by Caribbean Community governments that are keen on Cuba and Grenada improving their relations. Sanchez-Parodi has cited as an "example of the positive mood" developing in Cuba-Caricom [Caribbean Common Market] ties the fact that for the first time his country was officially invited to attend a Caricom heads of government summit. The summit was ending here today.

Cayman Islands, Barbados Suspend Bank Operations

FL0607140391 Bridgetown CANA in English 0049 GMT 6 Jul 91

[Text] Georgetown, Grand Cayman, July 5, CABA—The Cayman Islands and Barbados on Friday joined European banking authorities in suspending the operations of the

Bank of Credit and Commerce International (BCCI) and its subsidiary companies. The move in the Caribbean coordinated with similar actions in the United Kingdom and Luxembourg.

Both the Barbados Central Bank and the Cayman Government issued statements. The Cayman statement said the action results from "prima facie evidence" of fraud at the BCCI group...stretching back over a period of years." The suspension, the Caymans Government said, was to "safeguard the interests of depositors, creditors and shareholders."

The Barbados Central Bank said its action took immediate effect and that the bank's inspectors had already taken "charge of the books, assets and records" of the Barbados branch of BCCI. The Central Bank added that it would "take all necessary steps to ensure that the integrity of the local financial system is maintained."

In the Caymans, the government said the accounting firm of Touche Ross would handle day to day banking operations and was appointed provisional liquidator. Authorities could not be reached for further comment.

Police and banking officials from the Cayman Islands and the UK moved on BCCI's three Cayman branches at 8 AM Friday, sealing offices and records and allowing only senior bank managers on the premises. Attempts to reach Cayman Islands Police Commissioner Alan Ratcliff to determine if any arrests were made during the exercise were unsuccessful.

BCCI is a world-wide banking organization operating in 69 countries with 77 percent of the stock owned by the ruler of Abu Dhabi and the Abu Dhabi authorities. BCCI has 25 branches in the United Kingdom.

BCCI and its subsidiary companies have been the subject of several world-wide investigations. In January, 1990 a federal court in Tampa, Florida fined them U.S. 14 million dollars for their part in a drug money laundering scheme. BCCI was the first major international bank to be indicted in the U.S. on money-laundering charges.

Recently the U.S.-based TIME magazine alleged the bank was being investigated in the U.S. by the Federal Reserve Board for illegal banking practices and fraud. Bank operations in the U.S. were suspended pending completion of that investigation, the magazine said.

Caricom Heads Issue Summit Communique

FL0507155791 Bridgetown CANA in English 0912 GMT 5 Jul 91

[Text] Basseterre, St. Kitts, July 5, CANA—Following is the text of the communique issued Friday at the end of the 12th conference of Caribbean Community (Caricom) [Caribbean Common Market] heads of government on July 4:

The twelfth meeting of the conference of heads of government of the Caribbean Community was held in Basseterre, St. Kitts and Nevis during the period 1-4 July 1991: The heads of government in attendance were: The Rt. Hon. Erskine Sandiford, prime minister and minister of finance and economic affairs, Barbados; The Rt. Hon. George Price, prime minister and minister of finance, Belize; The Hon. Mary Eugenia Charles, prime minister and minister of finance, Dominica; The Hon. Nicholas Brathwaite, prime minister, Grenada; Hugh Desmond Hoyte, president of the Cooperative Republic of Guyana; The Rt. Hon. Michael Manley, prime minister of Jamaica; The Hon. John Osborne, chief minister and finance minister of Montserrat; Dr. The Rt. Hon. Kennedy Simmonds, prime minister and minister of foreign affairs, home affairs, and finance, St. Kitts and Nevis; The Rt. Hon. John Compton, prime minister and minister of finance, planning and development, and home affairs, St. Lucia; The Rt. Hon. James Mitchell, prime minister and minister of finance, St. Vincent and the Grenadines; The Hon. A.N.R. Robinson, prime minister and minister of the economy, Trinidad and Tobago. Antigua and Barbuda was represented by Hon. Dr. Rodney Williams, minister of economic development, tourism, and industry.

Mr. Roderick Rainford, secretary-general of the Caribbean Community chaired the opening ceremony held at Warner Park, at the commencement of which one minute's silence was observed in memory of the late Sir Arthur Lewis.

Dr. The Rt. Hon. Kennedy Simmonds, prime minister and minister of foreign affairs, home affairs, and finance, St. Kitts and Nevis delivered the opening address. He reaffirmed the need for Caricom to intensify its pursuit of the goal of regional integration, ever conscious of the need to cultivate and strengthen economic, trade, and cultural relations with other countries of the wider Caribbean region. Statements were also delivered by the Rt. Hon. Michael Manley, prime minister of Jamaica; The Hon. John Osborne, chief minister of Montserrat; and The Rt. Hon. Sir Lynden O. Pindling, prime minister and minister of finance, the Bahamas.

The heads of government elected the Rt. Hon. Dr. Kennedy Simmonds, prime minister of St. Kitts and Nevis as chairman of its twelfth meeting. They acknowledged the sterling services rendered by the out-going chairman, The Rt. Hon. Michael Manley, prime minister, Jamaica, particularly, among other things, his leadership in advancing to a conclusion the Caricom-U.S.A. framework agreement with Venezuela to work towards establishment of a one-way trade trade access for Caricom countries into the Venezuelan market.

President Carlos Andres Perez who was on a state visit to St. Kitts and Nevis also addressed the conference immediately after the opening ceremony and Dr. The Rt. Hon. Kennedy Simmonds, acting on behalf of the community signed an agreement between Venezuela and Caricom in which both sides undertook to work together towards the establishment of one-way free trade access of products of Caricom countries into the Venezuelan market.

The meeting was preceded on 23-27 June 1991 by the thirty-seventh meeting of the Common Market Council; on 27-28 June 1991 by a preparatory meeting of ministers, and on 1 July 1991 by the fifteenth meeting of the standing committee of ministers responsible for finance. In addition to considering recommendations from these meetings,

heads also considered recommendations from the seventeenth meeting of the standing committee of ministers responsible for foreign affairs; and from the West Indian Commission. They held discussions with the Caribbean Congress of Labour, and the Caribbean Association of Industry and Commerce.

Heads warmly welcomed the presence of Prime Minister A.N.R. Robinson of Trinidad and Tobago at this meeting of the conference. They reaffirmed their unreserved condemnation of the sanctity of the Parliament of Trinidad and Tobago which had prevented his attendance at the eleventh meeting of the conference in July 1990 and overshadowed its deliberations. They drew attention to the resolution adopted by the XXI regular General Assembly of the OAS in June 1991, on representative democracy in the hemisphere, condemning illegal interruptions of the constitutional process of member states, and prescribing action to be taken by the OAS in such situations.

Heads of government expressed strong support for all regular efforts aimed at the preservation of the constitutional and democratic political systems of the community and the preservation of the fundamental human rights and freedoms of the peoples. In this context they noted the progress made towards the establishment of a Caricom security regime and stressed the urgency for its establishment.

Heads of government recognised that the twelth meeting of the conference was convened against the background of changing geo-political circumstances and continuing transformation of the international economic situation, thus increasing the urgency for commitment, cooperation, and discipline among member states of the community, in order to fullfil the goals set forth in the Treaty of Chaguaramas and to confront the challenges of the international environment.

In a first step towards widening the community, heads of government approved and witnessed the signing of agreements in which associate membership in the Caribbean Community was granted to the British Virgin Islands and the Turks and Caicos Islands, and welcomed delegations from these territories which were led by their respective chief ministers.

Heads of government approved the granting of observer status in the Caribbean Community. Heads of government also approved the granting of observer status to Colombia in a number of institutions of the community.

Developments within the community—Regional Economic Conference:

Heads of government congratulated the prime minister of Trinidad and Tobago for taking the initiative to promote and to be host of the Regional Economic Conference which was held in Trinidad and Tobago in February 1991. They affirmed that the broad based consultative process leading up to the conference was a unique approach to the involvement of the citizenry of the community in preparing for the challenges of the twenty-first century.

Heads of government pledged their commitment to the process of dialogue and consultation among the social partners, and urged that efforts towards broad based cooperation in the region be maintained.

Heads of government endorsed the recommendations of the conference that the strategies for human resource development, the preservation and enhancement of democratic traditions and processes, outward looking development strategies, and widening and deepening of regional cooperation arrangements be given high priority in the development efforts of the region. They accepted the recommendation of the Regional Economic Conference itself that it be institutionalised as a triennial consultative conference of the social partners and that during the course of the next triennium, consultations among the social partners will emphasise these priorities.

Progress Report on the Work of the West Indian Commission:

The heads of government responded positively to the progress report on the work of the independent West Indian Commission entitled "Towards a Vision of the Future" and commended the Commission for their invaluable analysis and recommendations. They agreed in particular, to the immediate commencement of efforts to advance action by the community in the following six areas in the common market identified by the commissioners: traveling in the region; free movement of skilled persons; steps towards a common currency; enlarging investment; creating the Caricom single market; and mobilisation for international negotiations.

They also endorsed the Commission's observation that there is need to establish adequate machinery for the implementation of community decisions. Accordingly, heads of government agreed to employ the strategy proposed and advanced by the prime minister of Barbados at their eleventh meeting in Kingston, to the effect that individual heads of government would accept responsibility for supervising the implementing action in each of the six areas.

Heads attached particular importance to the addressing of early attention to "hassle-free" travel and freedom of movement of skilled and professional Caricom nationals, and recognised that due attention should be paid to the needs of small traders who account for an important part of intra-regional trade. Heads further expressed support for the Commission's proposal for the establishment of an effective communications network within the region and for the need to confront the social issues affecting West Indian society. They also welcomed the commissioning of some fifteen studies on vital areas of relevance to the Community as inputs into the Commission's work and looked forward to their completion and dissemination throughout the region. The heads of government encouraged the Commission to continue its work and looked forward to receiving its final report at their thirteenth regular meeting in July 1992.

Trends in the Regional Economy:

Heads of government reviewed the recent trends in the regional economy. They observed that most Caricom

countries had performed creditably during 1990, despite adverse international economic developments. The heads noted that national policies of adjustment, tighter fiscal management, and greater focus on increasing competitiveness in the international marketplace were beginning to take effect. They resolved to sustain the effort being made in their respective national economies to consolidate the basis for balanced growth and development.

Towards a Single Market and Economy:

Heads of government in reviewing the progress made towards the implementation of the measures identified in the Grand Anse Declaration and work programme for the advancement of the integration movement, welcomed the commencement of cross-listing and cross-trading of securities on the stock exchanges of Barbados, Jamaica and Trinidad and Tobago as a first step towards the development of a full regional capital market. As a further step towards increasing the flow of capital throughout the region, they agreed in principle to proposals which were before them for the establishment of a Caribbean Investment Fund.

Heads of government however, expressed regret that the implementation of the Common External Tariff (CET) and the Caricom rules of origin was behind schedule, with only seven of the 12 common market member states having implemented the CET to-date, and eight having ratified the revised rules of origin. They noted and endorsed a new target date of 1 October 1991, set by the common market council for the simultaneous introduction of these two instruments. Heads of government urged that this new deadline be met since these constitute an integral part of the creation of a Caricom single market and economy.

Heads of government endorsed the decision of the 37th meeting of the common market council that a special ministerial meeting be convened in October 1991 to consider the outstanding measures required for the liberalisation of intra-Caricom trade, and the programme of work for the introduction of a Caricom single market and economy.

Regional Transportation:

Heads of government reviewed efforts aimed at implementing the mandate in the Grand Anse Declaration that there should be established in 1991, an effective system of sea and air transportation in the region. They noted the initiative aimed at development of the regional maritime transportation sector. Heads of government agreed to a schedule for payment to Wisco of outstanding amounts due to the corporation by shareholder states to facilitate the operations of the organisation up to mid-1992. They also noted the proposals by the corporation to introduce new services in an effort to meet the shipping needs of the region. With respect to air transportation, heads of government noted the progress being made towards the completion of the privatisation of BWIA and LIAT (1974) Ltd. Heads also endorsed recommendations of the ministers of civil aviation that further negotiations be undertaken with the United Kingdom, for a multilateral air services agreement between the United Kingdom and countries in the Eastern Caribbean.

Tourism Development:

Heads of government called for sharper policy focus at the highest level to be placed on the development of the regional tourist industry. They therefore welcomed the proposal by Jamaica to convene a special conference at the level of heads of government, with private sector participation separate from the regular annual meeting of the Caribbean Tourism Organisation, to consider policies and strategies for the development of the regional industry.

Environment and Development:

Heads of government recognised the importance of the forthcoming United Nations Conference on Environment and Development (UNCED). They urged greater participation by member states in its remaining preparatory states, as well as in the conference itself, so as to develop an effective strategy which might be pursued by the Caribbean Community at the conference. Heads of government noted that negotiations on three international conventions regarding climate change, biodiversity, and forestry were due to be completed in time for possible signature at UNCED, and emphasised the critical importance of a climate-change convention to the islands and low-lying coastal states of the Community. Given the importance of these conventions, heads urged that member states participate more effectively in these negotiations. Heads of government also attached high priority to treating with land-based pollutions; in particular to the effective treatment of solid wastes.

Assembly of Caribbean Parliamentarians:

Heads of government noted the progress made with respect to the establishment of the Assembly of Caribbean Parliamentarians and agreed on the terms of the draft inter-governmental agreement which were to be revised for consideration by member states for consideration and possible signature.

The Caribbean Court of Appeal:

Heads of government noted that in the ongoing effort towards the establishment of a Caribbean court of appeal, a previously prepared draft inter-governmental agreement was being revised for presentation to member states for their consideration.

Caricom Disaster Emergency Response Agency:

Heads of government noted with satisfaction the entry into force of the inter-governmental agreement establishing the Caricom Disaster Emergency Response Agency and looked forward to the necessary steps being taken to ensure that the agency becomes quickly operational.

Standing Committee of Ministers of Information:

Heads of government approved the recommendation of the information ministers that a standing committee of ministers of information be established. The heads agreed to the recommendation that a standing committee would

meet the urgent and continuing needs for advancing integration through regional communication flows.

People-Centred Activities in 1992:

The heads of government, having recognised that the celebration of significant regional events in 1992 would enhance the spirit of regional unity and facilitate the process of functional cooperation, reiterated that the occasion of the Quincentennial; Encounter Between Two Worlds, should promote global recognition of the creative genius of the Caribbean people as a whole, and make with the greatest clarity, a statement about the history of Caribbean achievements and contributions to the world, taking fully into account those of the indigenous peoples of the region. Against this background, they noted the ongoing programmes for the Quincentennial; Encounter Between Two Worlds, plans for Carifesta, and the regional trade fair 1992.

Carifesta:

Heads of government expressed satisfaction with the preparations for Carifesta, to be hosted by Trinidad and Tobago from 9-16 August 1992, and pledged that their countries would contribute in every way to ensure that the festival is successful. Heads of government reiterated the expectation that Carifesta, being a major multidisciplinary festival of the arts and culture in the region, would serve to affirm the identify, artistic achievements, and rich and varied culture of Caricom member states. They welcomed the plans to incorporate events related to the commemoration of the 200th anniversary of Haitian independence though the highlighting of Haitian art and culture, as an integral part of Carifesta.

Regional Trade Fair 1992:

Heads of government noted the preparations being made to stage the regional trade fair after Carifesta in 1992 in Trinidad and Tobago, and plans to attract the widest possible representation of exhibitors from the Community as well as from non-Caricom countries. Heads were satisfied with the work of the project steering committee, supported by the Trinidad and Tobago Export Development Corporation and the Caricom Export Development Project, which provided an excellent opportunity for the social partners to collaborate in this important regional economic event.

Quincentennial: The Encounter Between Two Worlds

Heads noted with interest the additional programmes being planned by member states for 1992, including a series of international cultural exchanges and "an African Heritage Cultural Month" scheduled to take place in the Bahamas, and an International Conference on Centuries of Achievement to be held in Trinidad and Tobag Heads also noted that some member states of the Community would be represented at the Seville Universal Exposition in Spain, thus providing another stage on which the region could project its uniqueness and create openings in new markets.

Proposal to Establish a Regional Television Communication Hookup:

Heads of government considered a proposal by Trinidad and Tobago for a project to install suitable mechanisms and infrastructure in all Caricom member states to permit viewers of individual national television stations to tune in to the television programmes of other member states. In recognising the critical importance which television can play in involving the peoples of the region in community building as well as the importance of regional communications in furthering Caribbean integration and preserving Caribbean identity, values and culture, heads of government agreed to support the project. Heads also agreed that the project should be operational by 1992, in time to contribute to the observance of the various events.

Joint/Coordinated Representation:

Heads of government reiterated that in view of the small size and limited resources of individual Caricom member states, joint/coordinated external representation would be in the interest of member states and of the region as a whole. They therefore agreed to continue their efforts towards establishing effective mechanisms to achieve this objective.

External Relations of the Community:

Caricom-Latin America Relations

Heads of government noted the intensification of relations between Caricom and Latin American states at both the bilateral and regional levels. Heads noted, with particular satisfaction, the joint activities of Caricom and Latin American states since the entry of Caricom into the Rio Group and looked forward to the strengthening of these relations.

Haiti

Heads of government received a report of the situation that has arisen between Haiti and the Dominican Republic in regard to the announced repatriation of Haitians below the age of 16 and over the age of 60. They expressed the hope that this issue would be settled by the two governments speedily and to their mutual satisfaction. In this regard they stood ready to provide their good offices to both countries if it was felt that this would assist the process.

Suriname

Heads noted recent developments in Suriname and stressed the importance of instituting arrangements that promoted political stability and democracy in that country, so as to preserve and strengthen its relations with Caricom and with the wider Hemispheric Community.

Hemispheric Developments:

The OAS

Heads of government welcomed the accession of Belize and Guyana to membership of the Organisation of American States following the entry into force of the Protocol of Cartagena. Heads of government noted with satisfaction

that, with the admission of these two member states of the Caribbean Community, the principle of universality of membership of regional organisations and arrangements had been further advanced.

Enterprise for the Americas Initiative

Heads of government agreed to conclude by the end of July 1991, a trade and investment framework agreement with the USA in the context of the Enterprise for Americas Initiative (EAI). They were of the view that the creation of a Caricom-United States council of trade and investment would enable the Community to pursue with the USA trade and investment issues of particular importance to its member states. Heads strongly urged that in these discussions due recognition be given on the disparity in the levels of economic development between the United States and Caricom countries. Heads of government urged that the United States complete all necessary steps to implement the debt and investment components of the EAI.

Caricom-EEC relations:

Programming of Regional Resources Under Lome IV

Heads of government reviewed developments towards the preparation of a programme of regional projects for Caribbean ACP [African, Caribbean, and Pacific] states and noted the fact that the Commission of the European Communities had earmarked 90 million ECU [European currency units] for the programming of regional projects under the Lome IV convention, an amount which did not reflect the expansion, under Lome IV, of the Caribbean ACP group of countries. Heads of government urged that the process of the collective programming exercise be accelerated and that it be responsive to region-wide interests, as well as to the specific interests of all Caribbean forum states. Heads of government called for urgent steps to be taken by member states of the EEC to complete the process of ratification of the Lome IV Convention, in order to facilitate the appraisal, approval, and implementation of regional programmes.

International Issues:

The External Debt Problem

Heads of government welcomed the recent initiatives being taken at the hemispheric and global levels to address the problem of the indebtedness of developing countries. They noted, in particular, the efforts being made to address the problems of the lower middle-income countries such as the application of the terms agreed by the group of seven countries in Houston last year. They noted that proposals had also emerged to further address the problem of low-income countries and urged the Paris Club to speedily conclude the consideration of those proposals. Heads reiterated the view that arrangements to address the problem of indebtedness should include measures which significantly reduce the interest on outstanding debt and also reduce the stock of existing debt. They observed that approximately one-third of the outstanding debt of Caribbean countries was owed to the multilateral financial institutions and urged that these institutions make a greater effort to provide debt relief. Heads of government welcomed the progress made by the U.S. Government to implement the debt proposals made within the context of the Enterprise for the Americas Initiative, but expressed concern that the modifications proposed by the U.S. congress could seriously erode the potential benefits.

South Africa

Heads of government expressed grave concern at the continuing violence taking place in South Africa and at the failure on the part of the South African authorities to deal effectively with the situation. Against this background of internal violence, they were heartened by the conference of 22nd June, at which agreement was reached between the government and major civil and political organisations on a programme to eliminate civil strife in the country. They called upon the South African authorities to discharge their responsibilities towards fulfilment of the objectives of this accord. Heads of government were encouraged by the steps recently taken by the De Klerk government to repeal the main legislative pillars of the apartheid system. In this regard and at the specific request of the ANC [African National Congress] they specified their readines to support the admission of the United Cricket Board of South Africa to the International Cricket Council. Within the framework of the general application of sanctions against South Africa, heads of government, conscious of the trend at the international level to delink sport that is organised on a multi-racial basis in South Africa from the general application of sanctions, signified their readiness to lend their support on a case-by-case basis to international contact with South Africa in such areas of sport.

Middle East

Heads of government noted the developments in the Middle East since their last meeting, resulting in the restoration of the sovereignty of Kuwait. They welcomed initiatives to foster understanding among the countries and peoples of that region and reiterated their support for the right of all states in the region to live in peace and security within recognised and secure borders.

Asia and the Pacific

Heads of government noted the building of relations between certain states of the Community and countries of Asia and the Pacific, as evidenced by the growing number of visits paid to that region by their representatives and increasing economic and technical cooperation with countries of that region. Heads of government welcomed these initiatives and agreed that these efforts should be further strengthened.

Date and Venue of Next Meeting:

Heads of government agreed to accept the offer of the government of Trinidad and Tobago to host the thirteenth regular meeting of the conference of heads of government and also agreed that the meeting would take place in July 1992. They also agreed to hold the inter-sessional meeting in Jamaica on 19 February, 1992.

Dominican Republic

COP Leader Terms 48-Hour Strike 'Success'

FL0507143891 Santo Domingo Radio Mil in Spanish 2239 GMT 4 Jul 91

[Report on a statement by Ramon Almanzar, head of the Collective of People's Organization, COP, in Santo Domingo—passages recorded]

[Text] Almanzar has announced the lifting of the strike. He has asked that the prisoners be set free and affirmed that the strike was a success.

The director of the Collective of People's Organization [COP], Ramon Almanzar, has announced the end of the two-day strike sponsored by the COP.

[Begin Almanzar recording] The Dominican people have shined during this general strike. They rejected the IMF accords and have demanded a new economic policy. This strike has been exemplary. We applaud the Dominican people for their self-confidence and for the confidence they expressed in us during our part of the strike.

This patriotic strike enjoyed complete support in the region of El Seibo, especially in the towns of Villa Altagracia, Piedra Blanca, Bonao, La Vega, Moca, Santiago, Tamboril, Navarrete, Esperanza, Mao, Santiago Rodriguez, Villa Vasquez; also in Salcedo, Tenares, San Francisco de Macori, Villa Tapia, Hostos, Castillo, Pimentel, Nagua, Sanchez, Las Guaranas, Fantino, Cotui, Maimon, among others. In the southeastern region, there was support in the towns of Bani, Azua, San Juan, Las Matas de Farfan, Cercado, Tamayo, Vicente Noble, Neiba, Los Rios, Villa Jaragua, (Duberjel), La Descubierta, Cabral, Barahona, Paraiso, Oviedo, and Pedernales. [end recording]

Nationwide Stoppage 9 Jul

FL0507142591 Santo Domingo Cadena de Noticias in Spanish 1015 GMT 5 Jul 91

[Excerpts] The Council for Popular Unity [COP] has warned the peoples organizations that they will have to defend in the streets the people's rights to better living and working conditions. This was announced by Virtudes Alvarez, spokesperson for the entity, who defined the struggle as a confrontation between evil and life. The COP leader indicated that at 0600 on 9 July the entire country will be paralyzed to force President Balaguer to comply with the people's demands. [passage omitted]

Virtudes Alvarez stated that if Balaguer wants to play with the people's union, and professional movements it can take place wherever he wants or in the natural field of the people's groups—the streets of the barrios. [passage omitted]

Repatriation of Illegal Haitians To Continue

FL0507174691 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 5 Jul 91

[Text] Dr. Joaquin Ricardo has said that the country hopes to have a formal immigration agreement that will normalize the relations between Haiti and the Dominican Republic. The secretary of state for foreign relations spoke with reporters after a religious ceremony at the cathedral upon his return from the Caribbean commercial conference.

We are working for a customs agreement, another that regulates commerce, and another on reforestration, explained Ricardo, who added that we cannot, simply cannot [repeats] accept the massive immigration of Haitians. The foreign secretary estimated the number of Haitians that have come into the country illegally in the last few years at 1,200,000. He insisted that the Republic cannot sustain such a number.

We want to help Haiti, but it cannot come at the expense of the Republic, Ricardo emphasized, adding that we are not closed to dialogue; we want dialogue, but it must be based on sovereignty.

The foreign relations secretary said that the repatriations would continue slowly but constantly until the goal of removing all illegal Haitians has been completed.

Haiti

Aristide Writes to Caricom on Repatriation Crisis

FL0607122491 Port-au-Prince Radio Metropole in French 1600 GMT 5 Jul 91

[Text] President Aristide has sent a message to the Caribbean Community, which ended its meeting in St. Kitts yesterday. The president wrote: Your attention and good offices in the reopening of dialogue with the Dominican Foreign Ministry are appreciated very much by our government and all the Haitian people. Nevertheless, despite the efforts aimed at putting an end to the crisis, the fact remains that the crisis continues and worsens, increasing the tensions between the sister peoples and the pressures on our young government. Whoever cares about the respect of human rights cannot remain indifferent to this degradation, even less can we who are concerned.

The forced repatriations continue and the Haitians, as well as the panic-stricken Haitian-Dominicans, are now uniting to rent vehicles and reach a kinder land that welcomes them. The solidarity that we have shown in the most tragic moments of our history wants to be an arm of peace.

We are anxious to prove once more that this solidarity embraces mankind, all mankind; Dominicans and Haitians; the Dominican and Haitian people. Nothing can tarnish friendship between our two peoples.

The president claims his unshakable willingness to respect human rights. He says: Our Dominican sisters and brothers enjoy all their rights and will enjoy them as long as they want to live in our country.

Minister Solicits Caricom

FL0507205791 Port-au-Prince Radio Metropole in French 1600 GMT 3 Jul 91

[Text] Haitian Chancellor Marie Denise Fabien Jean-Louis is back in Port-au-Prince. While attending the Caribbean Community [Caricom] summit in St. Kitts, Mrs.

Jean-Louis had raised the issue of the repatriation of braceros [canecutters] by the Dominican Republic, hoping to obtain Caricom support in putting an end to the deportation measures, and to open global negotiations on all disputes existing between Haiti and the Dominican Republic.

The Haitian Government, in a press release, terms this initiative a diplomatic victory. Mrs. Jean-Louis had held a face-to-face interview with her Dominican counterpart, Joaquim Ricardo, in the presence of ministers designated by the Caricom secretariat.

Deportation Decree Working

FL0607012091 Port-au-Prince Radio Lumiere Network in Creole 1330 GMT 5 Jul 91

[Text] Another 165 Haitians were deported 4 July, after 200 Haitians left the Dominican Republic to enter Haiti on 3 July. They [word indistinct] at the border.

More than 900 Haitians have been deported since the publication of Joaquin Balaguer's 13-14 June decree which stated that all illegal residents on the Dominican territory be deported.

Deputy Censures Government; Threatens To Resign

FL0507224991 Port-au-Prince Radio Metropole in French 1600 GMT 3 Jul 91

[Excerpts] During a news conference yesterday, Port-a-Piment Deputy Pierre Francois Vital threatened to resign if the executive does not guarantee the security of the parliamentarians. Gaillo Joseph was there.

[Begin Joseph recording] I swear by my honor, if the executive does not take necessary measures to spare parliamentarians the threats one hears uttered here and there, I will resign from my duties as deputy. This is a statement by Port-a-Piment Deputy Pierre Francois Vital. The representative of the southern second district, during a news conference in the Legislative Palace on 2 July, accused the Aristide-Preval government of dishonesty. He explained that it had tried to tarnish his reputation by appointing his cousin as police agent without his knowledge, even though the appointee's name had not been among those previously recommended to the executive. [passage omitted].

A member of the Haitian-Christian Democratic Party of Sylvio Claude, and one of the few parliamentarians who did not approve the choice of Andre Preval as prime minister, Deputy Pierre Francois Vital called on deputies and senators to tie up legislation to thwart the dealings of the executive. Since the advent of this staff at the head of government, according to Vital, out of 51 bills submitted to Parliament, only seven submitted by the head of state have become law [as heard].

Regarding the diplomatic tension between the Dominican Republic and Haiti on the matter of Haitian braceros, the parliamentarian called on the wisdom of the three powers [as heard] not to invite the criticism of obscure opportunists. Finally, Deputy Pierre Francois Vital, after six years of exile in the United States, challenged anyone who accuses him of being a macoute. [end recording]

El Salvador

Ponce on U.S. Aid, Moakley, Other Topics

PA0607170491 San Salvador Radio Cadena YSKL in Spanish 0400 GMT 3 Jul 91

[Report on interview with Defense Minister Rene Emilio Ponce by an unidentified reporter in San Salvador on 2 July]

[Text] Minister of Defense General Rene Emilio Ponce visited the president of the Legislative Assembly on 2 July and then met with the Assembly's political commission in order to clarify certain issues related to the mistreatment—according to the Christian Democratic Party [PDC]—of two PDC deputies by Armed Forces soldiers. Gen. Rene Emilio Ponce said that an order will be issued at all levels for all soldiers to respect the deputies' rank.

After this meeting, Radio Cadena YSKL approached the defense minister on several issues of national interest. The following are a few of the questions we asked him.

[Begin recording] [Reporter] General, the FMLN [Farabundo Marti National Liberation Front] said on 1 July that the renewal of military aid to El Salvador, although it is non-lethal, calls for an immediate response from the FMLN, to place themselves on an equal footing. What do you think of this?

[Ponce] First, I would like to say that the FMLN has not stopped receiving support from abroad, and this is not monetary support, but lethal support with more sophisticated weapons. We have been informed of the SA-16 and SA-14 missiles that they have. This [words indistinct] that what they have been doing is preparing to continue the war.

They have repeatedly threatened new large-scale military actions, and now they are using the assignment and approval of the $21 million that had been frozen by the U.S. Government. The aid, as was disclosed and as you know, is of a non-lethal nature. This means that we are speaking about rations, fuel, medicine, and spare parts for helicopters and vehicles, the sort of aid that we need as a military organization.

As I said on 28 June: If the FMLN is again planning and threatening to launch a large scale offensive, then they will be defeated again. The Armed Forces did it in 1981, 1989, and 1990. They must take into account, however, that on those occasions they contributed with a number of deaths and casualties, but they also caused serious damage to the civilian population. Again the civilian population is suffering the psychological terror of the FMLN.

There are many who have stated that we have been crying wolf, wolf, just so we could receive aid. No. They themselves are saying it and confirming it at the negotiating table. The fact that the United States has renewed the authorization to disburse the $21 million is nothing more than a sign to the FMLN, a sign that says: Now look, you are betraying the Salvadoran people. The Salvadoran people want peace and you are keeping that peace from arriving.

I wish to stress that the firm and sure step toward attaining peace in El Salvador is a cease-fire. We have repeatedly said that the government and the Armed Forces can sign a cease-fire tomorrow. What the FMLN is harvesting now is the seed they sowed. For having delayed the talks to reach a cease-fire, the FMLN is reaping its own lack of will and good faith toward reaching substantive agreements in the peace process. The FMLN is receiving a response so that it will put an end to its violent scheme in the country.

[Reporter] Thank you, General. With regard to U.S. Congressman Moakley's remarks to the effect that the Armed Forces are not cooperating with the investigative process or the trial of the soldiers implicated in the murder of the six Jesuit priests, how do you view the situation?

¡Ponce] I have said on several occasions that the Jesuit case has been politicized, and that in cases which are politically biased, allegations and rumors are often considered factual, as if they were truthful; however, without evidence or proof one rumor leads to another. The same congressman said publicly that the U.S. Government has no evidence, proof, or names to offer. [words indistinct]

[Reporter] General, [words indistinct] (?do you believe that U.S. airplanes could be incorporated into our fleet of modern helicopters?) [words indistinct]

[Ponce] I believe that would be difficult. To acquire airplanes or helicopters that are different from the ones that we already have would require training periods for flying and maintenance, and the approval of the U.S. Congress. This cannot be done overnight; it would take time. I cannot give you any assurances on this; all I know is that the United States is authorizing nonmilitary aid.

[Reporter] General, you speak of a cease-fire or ceasing of armed hostilities. Is the Army prepared for this?

[Ponce] The government has approved and promoted the Legislative Assembly's constitutional reforms whereby public security would be separated from (?national defense). This is a reality that is only pending ratification by the current assembly, and it is a very important step. As for the creation of a new police body, this is another thing that cannot be done overnight. A process is required for its implementation. The Army, as an institution, will cooperate.

[Reporter] Gen. Ponce, in the Armed Forces' opinion, what internal problems have been encountered by the government (?and FMLN) commissions dealing with the issue of the security forces and Armed Forces?

[Ponce] The members of the FMLN have publicized some of the issues discussed at the negotiating table. The FMLN believes that some of its members and some settlers from certain areas who are involved with the FMLN could make up this new civil national police. They have practically been told that this is impossible. However, when the scheme of things changes, when there is a cease-fire and the FMLN demobilizes, any FMLN members in full use of their faculties who wish to join the police force must attend the existing police academies before joining. [Words indistinct] this cannot be done immediately. If, at that moment,

there is an established profile of the qualities that a member of the new police force should have, if the members of the FMLN meet those requirements, and if they receive technical-police training, they can become members of the civil national police [words indistinct].

[Reporter] General, a cease-fire and an armed peace means that the FMLN must stay—to a certain extent—in specific areas. Can the Armed Forces guarantee that [words indistinct] will concentrate in specific areas of the country?

[Ponce] We can emphatically state that the Armed Forces is an obedient and non-deliberative institution and that political decisions made by a legally appointed government will be obeyed by the Armed Forces. When we talk, however, about an armed peace, no country in the world is without an Army—and El Salvador will not be the exception. The government has emphatically stated that [words indistinct]. [end recording]

In his statements, Gen. Rene Emilio Ponce said that the Armed Forces have received $1 billion in U.S. aid throughout the country's 10-year conflict.

[Begin recording] [Ponce] We will review the history of the U.S. Government's economic and military aid to El Salvador. I want to clearly state that the economic aid has been twice as much as the military aid. In other words, whoever says that $4 billion have been received in economic and military aid is obviously trying to confuse the Salvadoran people. We have received $1 billion throughout the 10 years that the U.S. Government has given us military support. I think that the U.S. Government has supported legally appointed governments to defend themselves from the FMLN's threat. If the FMLN threat to change the country's economic, political, and social system disappears, the U.S. aid would naturally disappear gradually. If the threat continues and the internal conflict continues, then U.S. aid is vital for us, as an armed corps.

[Reporter] Thank you, Gen. Rene Emilio Ponce. I wish to clarify the issue about the FMLN members' possible admission into the national civilian police. What would a guerrilla member specifically need to become a member of the national civilian police?

[Ponce] If an FMLN member puts down his weapon and accepts an amnesty, he will become a normal citizen like any one of us.

[Reporter] But could he join...

[Ponce, interrupting] If he has the necessary characteristics to become a member of a public security corps academy and if he applies for admission he can very well become one. He would be a normal Salvadoran citizen.

[Reporter] [Question indistinct]

[Ponce] I beg your pardon?

[Reporter] [Question indistinct]

[Ponce] This must be clearly understood. The FMLN is an illegal group that exists in the country.

[Reporter] Thank you, Defense Minister Gen. Rene Emilio Ponce for your statements to YSKL's news center. [end recording]

Ponce Says FMLN 'Can Be Defeated Militarily'

PA0707154891 San Salvador DIARIO LATINO in Spanish 5 Jul 91 p 5

[Text] Defense Minister Rene Emilio Ponce said again today that the FMLN [Farabundo Marti National Liberation Front] can be defeated militarily. Ponce was replying to guerrilla demands that he explain how the Armed Forces can defeat the FMLN.

Ponce said that demands like these are nothing more than FMLN propaganda in the face of their failure to attain power, a goal they have not reached during 11 years of armed conflict.

The defense minister explained that the Armed Forces have the full capacity to militarily defeat the rebels, but the government prefers to solve the conflict another way.

According to Ponce, one of the problems preventing the signing of a cease-fire is the internal split within the FMLN. Ponce said there are many contradictions in what the rebels' diplomatic commission says and what their war fronts do.

The minister believes that the upcoming summit of Central American presidents can help bring pressure to bear on signing a cease-fire.

When commenting on the ambush of a guerrilla squad in San Vicente, Ponce said that this was a purely military action in which guerrillas got killed. The guerrillas were not captured and then killed later, he said.

The FMLN command, however, has reported that at least nine guerrillas were murdered after soldiers captured them.

In view of this, the bodies of the rebels killed in the ambush have been exhumed.

Ponce made these statements after attending the 124th founding anniversary of the national police. The organization was founded on 6 July 1867.

The military garrison was founded because of a suggestion by then president Francisco Duenas. The original name of the national police was the "Civil Guard."

Ruben Zamora Comments on U.S. Military Aid

PA0507134691 San Salvador Radio Cadena YSKL in Spanish 1730 GMT 29 Jun 91

[Report by Maribel Montenegro]

[Text] Ruben Zamora, a vice president of the national assembly and deputy of the leftist Democratic Convergence, said today that the U.S. disbursement of military aid could hamper the dialogue that is taking place between the government and the FMLN [Farabundo Marti National Liberation Front].

[Begin Zamora recording] I think this is an unfortunate and negative step for the progress in the country's peace process. To begin with, military aid means more money for killing. It emboldens the most extreme right-wing civilian and military sectors, who have been blocking and preventing progress in the negotiations over the past three months. I think the aid is detrimental because it wil prolong the war. It stands to reason that if the military has more money to spend, they will prolong the war. That is why the United States has made a mistake, a very serious one. [end recording]

Zamora noted that the U.S. lawmakers' decision to disburse the aid constitutes a provocation of the FMLN. Commenting on the arrival of Joe Moakley, U.S. Democratic representative from Massachussetts, Zamora said that Moakley came to the country to observe the progress made in the judicial process of nine officers implicated in the murder of six Jesuit priests and two maids, which took place in November 1989. Zamora indicated that Moakley's observations will have a major influence on the aid provided next year by the U.S. Congress.

[Begin Zamora recording] Representative Moakley is the head of a special task force appointed by the U.S. Congress to look into the Jesuits' case. He has been following the case. I think it is clear to any observer that the case is being closed and the identities of those truly responsible for the murders are being hidden. I suppose he will notice that and tell Salvadoran officials that the Jesuits' case will weigh most heavily in deliberations by the U.S. Congress for military aid next year.

The officials realize that whether or not there will be aid, and how much aid there will be, depends on the Jesuits' case. They must keep this in mind. [end recording]

Ruben Zamora made those remarks during the ceremony marking the 25th anniversary of the Salvadoran Federation of Savings and Loans Cooperative Associations, Fedecases]. The group organized a forum entitled: 25 Years Later, Fedecases Continues Seeking To Grow Strong and Develop. The topic of Zamora's lecture was the influence of the neoliberal model on the economic and social development of the cooperative movement. Fedecases officials noted that in the first months of this year loans totalling 7 million colones were granted to 27 cooperatives.

Archbishop Does Not Approve U.S. Military Aid

PA0507162991 San Salvador EL MUNDO in Spanish 1 Jul 91 p 6

[Text] San Salvador Archbishop Msgr Arturo Rivera y Damas said in his 30 June mass that he did not approve of the U.S. Government giving military aid to the Salvadoran Armed Forces because the country needs the money for its social and economic development.

"From the point of view of human rights, we do not like this aid ($21.5 million). However, the aid would be welcomed if it were to be used to solve other needs of the people," Rivera y Damas asserted.

Referring to the FMLN's [Farabundo Marti National Liberation Front] threats to launch a military offensive and statements on the fact that the military aid endangered the negotiations, Rivera y Damas stated: "The delivery of this aid could cause the dialogue to end" and, if so, it would have to be registered as an act that aided war.

In regard to the past round of negotiations in Mexico, the archbishop said there had been advances, but added that the information cannot be released until both parties fully discuss the issues in the agenda. "It is a matter of time and patience but the success is real," he added.

He also mentioned U.S. Congressman Joe Moakley's arrival and said that he is "a person who is well versed in the problems of the country and is especially interested in getting the case of the murders of Jesuit priests, a domestic maid, and her daughter" solved, the prelate added. "We are very much in accord with this position," he said.

The 30 June mass was dedicated to the sick and was held in front of the cathedral. Many patients from hospitals, clinics, and homes for the aged came to hear the mass and to receive blessings.

FMLN Accuses 5th Infantry Brigade of Torture

PA0607230991 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0024 GMT 6 Jul 91

[Communique from the Joint Chiefs of Staff of the National Army for Democracy at the Anastasio Aquino Paracentral Front; date not given—read by announcer]

[Text] 1. We have continued to receive information concerning the detention, torture, and ultimately the murder of three of our companeros in the ambush staged by the 5th Infantry Brigade in Rio Frio, San Vicente, on 29 June. [date as heard]

2. Among the tortured is Genaro Uraeta, from San Jose Los Almendros Canton. Uraeta was beaten until he lost an eye and then was stabbed to death. His relatives managed to confirm this information after his body was exhumed on 3 July.

3. We again ask the Red Cross International Committee, the non- governmental Human Rights Commission, the Legal Assistance Office, and the UN Commission on Human Rights to carry out an in-depth investigation of the incident and to have an autopsy performed on each of the bodies.

4. The Armed Forces is currently attempting to cover up this crime with a psychological warfare campaign and with false charges of kidnapping.

FMLN Communique on Death of Commander 30 Jun

PA0607014491 (Clandestine) Radio Venceremos in Spanish to El Salvador 0005 GMT 6 Jul 91

[Communique issued by the General Command of the Farabundo Marti National Liberation Front, FMLN, in El Salvador; date not given]

[Text] 1. The END [National Army for Democracy] column led by Commander Pedro Antonio Mira, a.k.a.

Camilo Turcios, was ambushed by a 5th Infantry Brigade column led by Captain Castillo Velasquez at Rio Frio, (?Barras Eleta), San Vicente Department at 2245 on 30 June.

2. The ambush was carried out with antipersonnel mines and hand grenades. As a result of this action by the government's Armed Forces, four END combatants were killed. The other members of the column were wounded and unable to fight back.

3. Badly wounded, Camilo managed to escape the ambush site. He was chased by the government soldiers and overtaken 600 meters ahead, where he was cowardly finished off with automatic rifle fire.

4. Immediately thereafter, as confirmed by local residents and surviving combatants, the soldiers finished off with automatic rifle fire the remaining companeros, nine in all, who were also wounded, violating international war agreements to spare the life of every wounded combatant who is out of action.

5. The FMLN General Command demands an investigation of the facts, a forensic examination, and the corresponding autopsies by members of independent institutions of recognized impartiality.

6. We condemn this new attack on the international war regulations which was perpetrated by criminal war commandos, specially trained with U.S. aid and advice.

7. Based on this incident, the FMLN General Command hereby affirms the following:

A. We will reply in kind to this traitorous war crime.

B. We assume that, with this new war crime, the government is validating our operations against its officers and its own rear guard.

C. Despite this new provocation, we will maintain a responsible stand at the negotiating table until justice and peace are attained for our people.

8. The FMLN General Command hereby expresses its deep sorrow to, and solidarity with the grief of, the families of the fallen companeros, whose blood will not have been shed in vain. It will bring us closer to the ideal of justice and democracy for which our companeros gave their lives. Companero Pedro Antonio Mira, Camilo, your blood and that of the companeros who were with you and who were massacred, enrich the land where our people, with invincible heroism, are planting the social justice that will yield liberty some day in the future. Always, until victory is attained.

[Signed] FMLN General Command

Commanders Joaquin Villalobos, Salvador Sanchez Ceren, Eduardo Sancho, Jorge Shafik Handal, Francisco Jovel.

Interview With FMLN Commander Raul Rodas

PA0507202091 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 30 Jun 91

["Last part" of interview with Commander Raul Rodas, member of the National Army for Democracy's 3d Military Region in northern San Miguel Department, by unidentified reporter in Morazan Department; date not given—live or recorded]

[Text] [Rodas] First of all, we wish to state that within the framework of the negotiation process with the government and the military high command—with the gringos behind them—to find a negotiated political solution to the conflict, military actions are being carried out in all the territories liberated by the FMLN. In addition, actions have been carried out against popular movements, including the arbitrary arrests of members, murders, evictions of peasants who have seized land to till it—which is a fair and correct reasoning because the land belongs to those who till it and not to those who keep it idle.

Therefore, we can surmise that the military and Mr. Cristiani first strived to achieve progress in the negotiations and they are now striving to terrorize, capture, and assassinate members of the popular movement, and to strike at the FMLN forces, meaning the END [National Army for Democracy].

We want to tell Mr. Cristiani and the military high command that the FMLN has been patient enough and calm enough. We have remained on a defensive position—not because we do not have the military and political capability, as they claim. We proved this in 1989 and 1990, and we have proved it since by foiling the enemy's operations. We have fought against the enemy, wearing out its forces, recovering weapons, and capturing prisoners. They should harbor no illusions about this.

To conclude, we wish to state that given the large-scale operations launched against our territories, the FMLN's army—the END—is capable of carrying out an overwhelming [words indistinct] operation. This entails wearing out these large-scale operations and [words indistinct] strike at its rearguard because they are also doing it—meaning that they are carrying out offensives in our territories to counter the popular movement. To answer your question, we categorically state that we will defeat those operations because history has proved that those men do not have good intentions. We will have to make them accept things by force. Over.

[Reporter] Well, Commander Raul Rodas. Do you have a message to add for the END fighters? Radio Venceremos' microphones are yours.

[Rodas] Yes, we want to use this opportunity to greet all the END fighters and commanders in Chalatenango, Santa Ana, Guazapa, Usulutan, San Miguel, Morazan, northern La Union, San Vicente, Cabanas, and all the other places where there are END fighters. We want to tell them that we have achieved great progress and we have achieved great

victories on the negotiations table due to our political-military progress. We have achieved substantial results that favor all the Salvadoran people.

We also wish to tell them that everyone must adopt an offensive attitude and react militarily against any enemy unit that comes to territories under our control. We must bear in mind that the FMLN territories must be respected and we, as END members, must make sure others respect them. Greetings to all, particularly to the Radio Vencer-emos crew. Thank you.

FMLN Leaders Visit Tegucigalpa, Reiterate Goals

PA0507191091

[Editorial Report] San Pedro Sula TIEMPO in Spanish on 3 July carries a 400-word article on page 4 on the visit to Tegucigalpa by leaders of the Farabundo Marti National Liberation Front [FMLN] of El Salvador led by Joaquin Villalobos, chairman of the FMLN political commission. The article notes the FMLN leaders met on 2 July with Honduran President Rafael Leonardo Callejas and local politicians "to explain their position concerning the peace negotiations with a view to the Central American summit slated for 15 and 16 July in El Salvador." Villalobos is quoted by TIEMPO as saying: "We are informing the Central American presidents of the negotiations so they will be aware of the positions of both parties, and the decisions they may take on El Salvador will be carefully analyzed and will favor the negotiations."

The article adds Villalobos said the negotiations are undergoing "a complicated moment, but are irreversible..." and they are near peace. TIEMPO reports the other FMLN leaders visiting in Honduras include Miguel Saenz—who said the FMLN is promoting meetings with all the political forces of the area, regarless of ideology, because "we feel peace in El Salvador means peace in Central America"—and Leonel Gonzalez who said the FMLN "seeks a pluralist society in which all forces of society will support the Salvadoran peace process."

San Salvador Canal Doce Television in Spanish at 0300 GMT on 3 July in a three-minute item reports that on 2 July Villalobos said in Tegucigalpa: "Neither the rebels nor the Salvadoran Army can win, and therefore, peace is irreversible," adding that "evidently the military forces are equally strong and therefore, the conflict cannot be solved by military means."

San Salvador Radio Cadena YSKL in Spanish at 1200 GMT on 3 July carries a two-minute Tegucigalpa-datelined report quoting Joaquin Villalobos to the effect that "the Salvadoran guerrillas and the FMLN will respect the ruling by the International Court of Justice on the Salvadoran-Honduran border dispute." The report says the head of the FMLN political-diplomatic commission said the rebels support "realistic arrangements that will guarantee peace in Central America" and stressed that even though the guerrillas control some pockets in dispute between the two countries, they will not hinder the delimitation. The report concludes by saying that Miguel Saenz pointed out the "Honduran and Salvadoran peoples are interested in peace and good relations...and that Honduras should realize the guerrillas seek a peaceful solution to all pending problems."

* Zamora on Government Economic Program, Talks

[Editorial Report] San Salvador DIARIO LATINO of 4 June on page 5 reports on an interview with Ruben Zamora, leader of the Popular Social Christian Movement and deputy in the National Assembly, in which he described the economic plan implemented by the Cristiani Administration over the past two years as defined, but "criminal for the people." Noting that the previous government lacked an economic plan, Zamora said the problem with the current government's plan is that, "because it is neoliberal, it is polarizing our society economically and socially." He added: "We are already seeing the symptoms. The number of persons who have been fired during the two years of the Cristiani government has increased appreciably, to the extent that, for the first time in the history of our country, government statistics show that the majority of the population is not in the formal sector of the economy, but in the informal sector."

According to Zamora, the government recognizes that this sector includes more than half the economically active members of the population and that the number of unemployed persons has increased. "We are confronting a phenomenom, which has already become generalized, of land takeovers by peasants who are hungry, and this is a result of the government's economic policy." Zamora described the administration as a "government of contradictions" which is trying to reduce social conflict while, at the same time, pursuing a neoliberal economic program which "stokes the fire of discontent and social conflict."

Zamora dismissed the possiblility of a widespread popular uprising during the remainder of Cristiani's term in office, but said the level of social tension is rising and will continue to do so, and that this works against the peace process.

According to Zamora "the problem with the government's program is that, in addition to the disastrous social effects, it is a plan designed by foreigners, which does not correspond to our reality, and the government economists operate on the assumptions of the U.S. economy and not the Salvadoran; this cannot work."

With regard to the peace process, Zamora said Cristiani "has been very fortunate" that the conditions existed for negotiations which would clear the way for a new period.

"This second round of negotiations in Caracas has clearly demonstrated the negative work toward the negotiations on the part of an important sector of the Armed Forces and the extreme right. But, even so, we believe that objective factors exist and that we can enter once again into a positive phase for the sectors who favor negotiations."

"I would say that on the whole we have a government which knows how to exploit the pro-negotiation momentum, but lacks a strategic negotiating plan; thus,

when the antinegotiation momentum builds, [the government] is very weak. For this reason, in my opinion, if we do not exert pressure from the Legislative Assembly or from the popular organizations, there is the danger that the negotiations will stall or advance slowly," said Zamora.

Zamora noted that there have been advances in the talks and said "I have had contact with UN personnel who are working on the cease-fire issue; the attitude they see is that they have managed to make some progress, not to the extent that agreement was reached, but they have advanced, and I am aware that one must take into account that the cease-fire issue is complicated."

He described the results of the talks between the government and the FMLN in Caracas as "worrisome" because of the attitude on the part of the government, but said he would not describe the meeting as a disaster or as paralyzing the negotiations since the process is entering another critical phase. "But we are better prepared than at other times."

* Ferman Cienfuegos on FMLN Political Objectives

91CA0174A Mexico City LA JORNADA in Spanish 17 Jun 91 pp 44, 30

[Interview with FMLN Commander Ferman Cienfuegos by Blanche Petrich; date and place not given]

[Text] On the subject of the new developments that are being observed in the Latin American left, Ferman Cienfuegos, commander of the Farabundo Marti National Liberation Front (FMLN), pointed out that for many years "the progressive movement waited for the Salvadoran insurgency to march into San Salvador in a victory parade, as Fidel Castro had in Havana, and as the Sandinists had from Masaya to Managua. But the difference is that our triumphal entry is taking place in stages, in the hamlets and the mountains ... and from below."

He declared: "In the various areas under guerrilla control, democracy, political revolution, and agrarian reform are already developing. True, this is a partial revolution. We are not advocating that all power go to the soviets, all power to the left. Many people would call us reformists, but we are not. What we are doing is making a new contribution. Ours is an original plan in which the magic word is consensus [concertacion]."

The interview took place just before one round of the consensus-building effort, that is, the negotiatons between the guerrillas and the Salvadoran Government. The insurgency's objective at the bargaining table being set up today in Queretaro is, according to the FMLN leader, "to create a civilian power that can exercise power from the grassroots level in a new democracy."

But he warned that no one should be deceived, because "we are emerging from 21 years of war. We are not an electoral power, but a political-military power. This country has a weak government, a scattered and decentralized social movement, and a left that is in crisis. We are not going to simply insert ourselves into a military system we do not believe in; it must be a new system of which we can become an integral part. In a new country, the democratic republic of El Salvador. A country where the electoral system is just a part of the democracy."

[Petrich] Does the notion of a partial revolution imply a partial defeat?

[Cienfuegos] The idea of taking power was mistaken. It was to make the state prevail over society, one faction of society over the other. But the 21st century has already begun for the FMLN. We have a plan for a pluralistic revolution in which civilian power is generated from below, in which society can develop a civilian power that is a counterbalance to militarism and that allows civilians to exercise power.

[Petrich] Are there conditions in El Salvador? I am referring to the fact that in terms of human rights, much still remains to be done. The death squads are still active, apparently ...

[Cienfuegos] No, sure. The problem in El Salvador is structural. But the conditions must be created. We need a new country, with totally new structures. That is the new contribution promoted by the guerrilla movement: how to create a democratic constitutional framework. And that is part of today's negotiation. We are not a government, but we are making the reforms. By drawing together our forces we have turned ourselves into a parallel constitutional parliament which is participating in the decisions on the course the reforms should take.

[Petrich] And what do you plan to achieve with this?

[Cienfuegos] To have a political voice and opportunity [espacio]. We do not rule out achieving power by taking the electoral route, the route of political revolution, in the 1994 elections. We also hope to consolidate the institutionality of the army, an institutional framework in which the FMLN participates as what it is, a power.

[Petrich] That sounds very far away ...

[Cienfuegos] To a certain extent it is far away. We revolutionaries have to be the most romantic, the most idealistic. But it is not an illusion. The FMLN took on the United States militarily and managed to contain a massive invasion. This means that everything that comes out of the negotiations is, in a way, a product of our military victory. And it will translate into a new political system.

We have gotten everyone to the point at which the dictatorial state itself is forced to negotiate the transition to a democratic state. And this did not just fall out of the sky. It had to do with the military stalemate with the United States. And this is a victory. Anyone who looks at it according to the old patterns will not understand a thing.

[Petrich] Do you think this plan of negotiating and making policy to turn dictatorial states into democratic and popular systems will extend throughout the hemisphere?

[Cienfuegos] The idea that political revolution is no longer possible has begun to creep up on us Latin Americans. There is a widespread feeling of discouragement, in contrast to the triumphant euphoria of the United States. But

this discouragement is not justified. Maybe it is because the response that our movements can provide has not yet been formulated; Latin American thought has not become unified.

The great plan in Latin America should be to establish a platform to negotiate jointly with the United States. I think that is the future that awaits us. The problem of the Latin American revolutions is that they are all inconclusive, because the United States has truncated them all, it has blocked them. It does not allow them to develop.

Guatemala

Serrano Vows To Continue Peace Efforts

PA0607033291 Guatemala City Domestic Service in Spanish 0410 GMT 1 Jul 91

[Army Day speech by President Jorge Serrano Elias in Guatemala City on 30 June; recorded—monitored in progress]

[Text] ... Democracy does not suggest impositions. Thus, in a graceful, democratic, and civilized gesture, my government has agreed to continue conversing with all of the sectors that wish to enter a program of democracy and peace. It does not matter that those sectors are armed due to the circumstances. We hope to reach agreements so that those sectors can change their attitude, adhere to the country's legal system, and together with us open new horizons for our children and future generations.

My unquestionable faith in democracy is unyielding. My unquestionable conviction to continue working for peace is unyielding. I do not negotiate with principles. I am a man who knows how to take a stand. My principles have no price. Peace is among my principles, which will never be negotiated. Our Army has proclaimed that it wants peace, and we will continue struggling with all of the elements within our reach to provide our country with the peace and security we yearn for.

I know that the ill-disposed increase in crime is a scourge for the Guatemalan people. However, I must tell you that the criminals have taken advantage of the people and of our patience. They have concealed themselves with absurd legalisms to violate the law. They have concealed themselves with absurd legalisms to prevent justice from prevailing. But this, my dear friends, my dear fellow citizens, will end. We have the strength necessary for this people to live in peace, for this people to safely walk the streets of this country.

No more impunity! We are asking the judges of the country to please judge fairly, to judge from their hearts and see that every time they acquit a criminal they are allowing the perpetration of new crimes. They must judge from their hearts and help us rebuild this country so that each Guatemalan can live freely and peacefully. I will not rest until I can do this for my country. I will not rest until there is economic and social justice and equality. I will not rest until our Army can accomplish—as a national goal—the ideals that it has been taught at the different military units. Honor, peace, loyalty, and virtue fight with no one; we will enable our country to look the world straight in the face, with its eyes wide open, with its head held high, without affronts, without condemnation, without humiliations, with the dignity of good Guatemalans, the worthy descendants of a race like the Mayans.

As an Army, with me at the helm as your commander in chief, we are resolved to continue the struggle, the struggle against everything that has disturbed our peace, the struggle against everything that has prevented Guatemalans from living in peace. This means that there will be no more armed conflicts. We are going to make an all out effort for this conflict to end, which means that the law will prevail, that there will be economic and social justice, and that democracy will be perfected.

As an Army—the civilian population of this country must know this—we will exercise the responsibility given to us by the constitution, we will guarantee national sovereignty, and we will guarantee the people's right to exercise their sovereignty freely and independently, as dreamed by those who have always wanted the best for our fatherland.

To conclude, I wish to tell all of you and all of the Guatemalans who have heroically preceded us into the future, that their blood and wounds have not been in vain. Their wounds and blood will enrich our land so that a true democracy can grow here and so that all of humankind and its spiritual, intellectual, and physical aspirations can be respected. This is the challenge that we are faced with as Guatemalans, and we shall not evade it. The Army of the Republic is once again saying yes to the challenge for democracy and the defense of our country's sovereignty.

May God bless each and every one of you, my dear general officers, superior officers, subordinate officers, and troops. May God enlighten you in the fulfillment of your tasks, and may He guide us that we may fully execute these noble ideals, which were in the minds of those who preceded us in the shaping of our country. Today we solemnly ratify these ideals in the presence of our people. Thank you very much.

URNG Urges Constitutional, Electoral Reforms

PA0507163691 Guatemala City SIGLO VEINTIUNO in Spanish 1 Jul 91 p 12

[Article by Marco Tulio Barrios]

[Text] "For as long as the obsolete outdated socioeconomic structure and the regime of domination and exploitation remains intact, no progress toward general development and stability will be possible, and there will be no peace, justice, or democracy." This is the opinion of the Guatemalan National Revolutionary Unity [URNG].

The URNG also calls for a national consensus to build a "true, functional, and participative democracy with social justice," based on the "participation of popular, democratic, and revolutionary sectors, to attain democracy, national independence, peace, and economic and social progress." The insurgent movement questions the Guatemalan elections, saying that they do not fulfill the purpose

of democracy and stating that "the elections brought the Christian Democrats to power, but they did not bring democracy to the country."

Democracy implies more than an election and a change of government, the URNG says, stating that democracy entails respect and promotion of the rights and freedom of the people, and the adoption of measures to eliminate hunger and poverty. Also, it means that the people's interests must be a priority of the government's efforts, and requires the participation of the masses in those efforts. It calls for freedom of expression, mobilization, and association; respect for municipal and other local governments, and an end to the militarization of the civilian society. From the documents they have issued it can be concluded that the URNG believes that a true functional participative democracy is the exercising of power by and for all sectors of society, thus breaking the monopoly held by minority groups that represent the highest levels of military and economic power. This highlights the contradiction that 50 percent of the population, which is mostly indigenous, elects officials who have nothing to do with them and are not concerned about their fate.

The URNG points out that, based on respect for liberty and individual rights as well as the community's duty toward the state—through dialogue and national agreement—satisfactory and just solutions can be found for all. These solutions can be found if we have honest, responsible government officials as a counterpart, the URNG noted.

The URNG outlined during the previous talks held with the nation's numerous social sectors the need to introduce reforms to the Constitution and to the electoral law as well as to enact legislation that would allow political pluralism. This political pluralism would provide harmony and understanding among all the sectors based on the interests of individual and collective development, putting emphasis on the economic, social, and cultural development of the community in general. Productive activity is a national priority, the goal of which, however, should be to provide for the general well-being and the services to satisfy the needs of the community as a whole and in particular to those sectors traditionally forgotten, the URNG noted. "Development, social well-being, and social justice should become the goals of democracy." This is the URNG's leaders concept.

Honduras

Callejas Interviewed on Concerted Agreement

PA0607041491 Tegucigalpa Voz de Honduras Network in Spanish 2340 GMT 4 Jul 91

[Interview with President Leonardo Callejas following the signing of the National Concerted Agreement, by unidentified reporters at the Presidential Palace in Tegucigalpa on 4 July—recorded]

[Text] [Callejas] This shows the Honduran people's capacity to solve their problems through dialogue. I am truly proud of this agreement as a Honduran, and I am, of course, pleased by it as president. After a long process, we succeeded in reaching two major decisions because the sides wanted it that way: the minimum wage and general amnesty. As I said at the conclusion of my speech, today we established the Housing Bank in a concerted effort between management and workers.

[Reporter] We do not want to be negative, but as newsmen we want to learn your views regarding some comments heard today against the concerted effort. According to a Honduran Liberal Party spokesman, the country's second largest political force was not taken into consideration.

[Callejas] The concerted effort is not limited; it involves all sectors. We have a political concerted effort, an economic concerted effort, and a social concerted effort. I commend the interest of other groups in participating. They will be able to do so at the appropriate time and in areas within their purview, as many of these areas are considered to be of priority for the nation. In this case, the concerted effort basically took place between the workers and businessmen, because the original and fundamental issue was the minimum wage.

We also have an agreement for the people, namely the pardon or general amnesty. The National Congress has heard the request from different sectors in this respect. Considering their interests, we hope that the Presidential Palace's Mirror Hall will serve as the frame for reaching other concerted agreements that we will be carrying out in the future.

[Reporter] Is the creation of the National Housing Fund the start of your government's compensation efforts?

[Callejas] I see it as much more far reaching than that. It represents the desire of different sectors to find economic resources to solve the housing shortage of thousands of Hondurans.

[Reporter] How much will be invested? [Callejas is not heard to answer]

[Reporter] How many persons are to benefit from the amnesty?

[Callejas] All those persons mentioned in the decree. I cannot give you a figure because I do not know. However, it is a blanket pardon.

[Reporter] Will this amnesty be similar to one issued before, which was limited?

[Callejas] This general amnesty has been arrived at taking into account the interests of the country's various sectors; consequently, it covers everything within the penal code.

[Reporter] Will you call the political parties [words indistinct]?

[Callejas] I have no idea. This decree emerges from the will of the various sectors here. I presume it covers the various aspects established in the penal code.

[Reporter] Does it include political parties?

[Callejas] Everyone. It is a blanket amnesty and a full pardon for every case involving the penal code that specifically deals with politics.

[Reporter] Are you going to call the political party representatives, in view of the fact that they argue that for this to be a true concerted agreement the political parties must be present?

[Callejas] In due course, and of course when we deal with topics within their purview. In this case, in the specific case dealing with the amnesty, the concerted dialogue will take place at the National Congress, which the party representatives have already agreed to.

[Reporter] Do you believe today's topics—amnesty and minimum wages—are firm steps toward a concerted agreement?

[Callejas] It is not a question of believing; I am positive. These are resolutions made by the country's various sectors, which, after all, is what a concerted agreement is all about.

Army Denies Existence of Intelligence Unit

PA0507160191 Tegucigalpa LA TRIBUNA in Spanish 28 Jun 91 p9

[Text] Colonel Napoleon Santos Aguilar, director of the Armed Forces Public Relations Directorate, denied yesterday that the Military Intelligence Battalion, known as 316, is operating in the country and that it has had ties with drug trafficking.

Santos Aguilar explained that the 316 "was a highly technical intelligence unit that logically existed and functioned under the military institution's budget. It never had any ties to drug trafficking as some people allege."

"I am not saying it never existed, but the order to dismantle it was given three or four years ago, and right now no army unit uses that name," the officer stated.

As for the group known as Triple A, which some mass groups charge constitutes the armed wing of an army sector [as published], he added that the "only thing that I know about it comes from the signs painted on the streets, apparently threatening leftist leaders."

The officer noted that although many people charge that it is a rightist group, "I cannot give details; I have no idea what the group's acronym means, and I have only seen it painted in Tegucigalpa's walls."

Commenting on the attack on the UN Observer Group in Central America (ONUCA) offices and the death of a former serviceman, which the Morazanist Patriotic Front [FPM] reported carrying out in two communiques, Santos Aguilar indicated that the Public Security Forces (FSP) and other service branches have increased their security measures.

"With the support the FSP receives from other military branches, we seek to thwart common crime and the activities of political criminals," he noted, voicing the concern of the military, "because, although we are not certain yet, if the minuscule Morazanist Front did carry out those actions, we may be facing an escalation by the extremist group."

He noted that an investigation is underway, but admitted that since he is not connected to it, he does not know what information intelligence units have regarding the people who make up the FPM. "Since 1986, the group's sole activity has been to attack U.S. Army servicemen who were participating in military maneuvers. Now, it has attacked a former Honduran serviceman, if indeed the FPM did it," he concluded.

Nicaragua

D. Ortega Reportedly Hospitalized With Headaches

PA0607192991 Mexico City NOTIMEX in Spanish 1855 GMT 6 Jul 91

[Text] Managua, 5 Jul (NOTIMEX)—Former President Daniel Ortega was reportedly admitted to a military hospital in Managua because of "severe headaches," the Catholic Church station Radio Catolica reported today.

The radio station said that Ortega, 45, was hospitalized on the night of 4 July at the "Alejandro Davila Bolanos" medical center, where he is undergoing tests to determine what could be causing the headaches.

Although Radio Catolica cited reliable official sources, there has been no official confirmation from the Sandinist National Liberation Front, the country's main opposition party.

Ortega could be experiencing health problems because of the heavy work schedule he has maintained over the past 12 years as president of the Republic and the highest Sandinist leader.

Hospitalization Denied

PA0607232191 Panama City ACAN in Spanish 2243 GMT 6 Jul 91

[Text] Managua, 6 Jul (ACAN-EFE)—Sandinist sources have denied that former Nicaraguan President Commander Daniel Ortega has been admitted to the Managua military hospital, as reported today by a radio station in this capital.

Managua Radio Catolica, citing Sandinist sources, said that Ortega, 45, had been rushed to the "Alejandro Davila Bolanos" hospital the night of 4 July.

Manuel Espinoza, former information minister and associate of Ortega, told ACAN-EFE that it is not true that the foremost leader of the Sandinist National Liberation Front (FSLN) had been hospitalized on 4 July "suffering from severe headaches," as the radio station had reported.

Espinoza said that he had spoken over the telephone with Ortega on the previous night and that the opposition leader had met today with former Nicaraguan Vice President Sergio Ramirez Mercado.

It is anticipated that Ortega will travel tomorrow to Santa Teresa, a municipality located 60 km southeast of Managua, where he will participate in a political event, the source added.

Cuba Willing To Increase Cooperation

PA0607011691 Managua BARRICADA in Spanish 1 Jul 91 p 10

[Text] Cuban Ambassador to Nicaragua Fernando Ravelo said yesterday that the Cuban Government is willing to increase its cooperation with Nicaragua despite the current material limitations in Cuba.

The diplomat, who participated in a simple Nicaraguan Health Ministry ceremony to honor Cuban physicians, told BARRICADA that this proposal to expand cooperation applies particularly to education. Proof of this is the offer to grant scholarships and to bring to Nicaragua professors in the exact sciences, as well as culture and sports advisers.

Ravelo said that since early 1991 the Cuban Ministry of Education has offered to the Nicaraguan Government 390 scholarships for basic secondary school students. Four hundred such scholarships were offered in 1990. One hundred of the scholarships offered this year are for female students.

Education Minister Humberto Belli's official response, however, has been that the Nicaraguan educational system is being expanded and the government lacks the money necessary to pay the salaries of professors who should go to Cuba for the corresponding training, and this is why the Nicaraguan Government is not in a position to accept the 390 scholarships offered to youths who are already at the Isle of Youth.

Despite the rejection, the Cuban Government's offer for other scholarships still stands. Ravelo recently offered 120 scholarships for technological studies. Minister Belli has not yet replied to this latest proposal.

Ravelo also said that Cuba's cooperation with Nicaragua has been steady, particularly in the medical assistance field. Nevertheless, he stated, "we are waiting for the Foreign Cooperation Ministry to take the proper steps on a number of requests for professors of higher learning, culture, sports, and other branches of education." Some 158 Cuban physicians are working in various fields in Bluefields, Granada, Masaya, and Managua.

The diplomat described relations with Nicaragua as "normal and of mutual respect. Personally speaking, I have no complaints. I hope relations between the two countries will be based on matters of common interest and according to circumstances."

Two days ago, President Violeta Chamorro said that her government is ready to accept help and cooperation regardless of the source.

Former Contras Allegedly Attack Honduran Boats

PA0307151991 Managua Radio Sandino in Spanish 1200 GMT 3 Jul 91

[Text] Two former contras are under arrest for attacking two Honduran pirate fishing boats. Former contra members Joe Mogan Ramirez and Orlando Martinez, both 40, were arrested by the Bluefields police to investigate the attack several days ago on two pirate fishing boats in the Sandy Bay region, a Government Ministry spokesman reported last night.

The group leader—identified as Domingo Peralta, alias Cascanaca, also a former contra—has not been arrested. According to the report, one of the boats was sunk by the attackers and the other was taken to San Andres Island with part of the Honduran crew. Another boat, identified as Captain Bow, was also operating illegally in Nicaraguan waters. The police are trying to determine if the attack is politically oriented or if it is just a case of common crime.

* Sandinist Past, Present Alliances Viewed

91CA0167A Managua LA PRENSA in Spanish 3 Jun 91 p 4

[Commentary by Alfonso Moncada G.]

[Text] That business about luck running with the bold is debatable when it comes to politics. The bold are not always lucky and when luck abandons them, boldness is given a new name. It is in war that one sees the relationship between boldness and fortune most clearly. This is true of politics as well, which is not surprising, inasmuch as the latter is apparently no more, some say, than a continuation of the former but using other means.

As action grows bolder, risk increases proportionately. In politics, out of the entire arsenal of diplomacy, the investment of alliances is the boldest and riskiest play. Here we are dealing with actions which good sense and rational thinking advise against, unthinkable, astounding moves, actions inspired by the very raison d'etre of the politician: achieving and exercising power. They are actions which, by virtue of the very element of risk, are seen only occasionally and in places where the political culture differs from our own.

It was through acts of political and military boldness that the Sandinists came to discover the paths leading to power and they gained far more than they had ever dared hope. In order to retain that power and make it endure, the simplest thing, the path advised by sensible thinking and the one entailing the least risk, was to come to an understanding with the Americans who had contributed so much to their victory, to work things out with the bourgeoisie and private enterprise, which at that time sympathized with the Sandinists and had supported the Fundamental Charter, to continue the Sandinist-bourgeois alliance implemented by them, the Patriotic Front and progressive sectors, all within an original purpose which had majority support. Such relationships and alliances logically placed limitations on power and had to be allowed to share it in some way. Which is why, in order to preserve absolute power and implement a different plan of action, the

Sandinists decided to invest their alliances. It was all or nothing. They chose the boldest, riskiest move, the very one that worked for Fidel in maintaining absolute power.

Once they had chosen their path, the investment of alliances had to be practiced in the opposite direction, going back to the previous position, a move tried during the early years of government by one sector of Sandinism, but which did not work. The fact is that it is very difficult to put such plans into reverse. It apparently worked on an individual basis with respect to persons or figures, who not only formed alliances with the enemy, but went too far with everything and ended up abjuring their Sandinism. We say it "apparently worked" because, despite successful results for such persons or figures, it was not a situation of the investment of alliances as we understand the concept, but rather, different situations that have other names.

Losing power in such a short time, 10 years, always or nearly always means things were done backwards, which is what the Sandinists did. The investment of alliances and the new socialistic purpose turned into disaster. None of its highest leaders—who were formidable guerrillas—showed any of the political instinct of the revolutionary leader, an instinct tinged with grandeur that has made the history of all great revolutions. The alliance with the people should have continued.

The identity crisis in which the Front now finds itself should come as a surprise to no one. The Front is no longer and will never again be the same, just as its allies are no longer and will never again be the same. Seeking that new identity, what that major sector of Sandinism—major in every sense of the word—which decided to back the process of the transition to democracy is in fact doing is mending its alliances, defining its new objectives, and moving away from the friends who led it to failure. It is not exactly a matter of investing alliances, but it is still a bold and risky move. In this case, it is a matter of mending, which means putting the alliances back together the way they were before the investment.

What has been invested now is power, this time in the hands of the victorious alliance, a few old allies, and a fairly large group of former sympathizers. We can understand why that sector of the Front has decided to establish civilized relations with those in power. This is fine, but we are waiting to see the loyalty and honesty of such relations. Based on the historical background of these Sandinists and on what we have seen, such loyalty and honesty are conspicuous by their absence. Guarantees of fair play must be provided, loyalty is appropriate, and the cards must not be marked. It is not enough to express one's intentions if, at the same time, one's political behavior is not in keeping with what has been promised, the first step toward gaining credibility and being able to concert efforts.

* Actions of Sandinists in Assembly Explained

9ICA0167B Managua BARRICADA in Spanish 4 May 91 p 3

[Article by Rogelio Ramirez]

[Text] A great deal has been said in the media concerning the behavior of the Sandinist bench. Newsmen, ordinary citizens, and government officials have accused the congressional representation of the Sandinist National Liberation Front (FSLN) of pacts, deals, and agreements with the team now in power.

They have pointed to alleged weaknesses stemming from having endorsed opinions and cast votes that have joined with National Opposition Union (UNO) representatives in dismantling the revolutionary legal order and, in particular, damaging the structure of the Nicaraguan Judicial Branch.

The Sandinist bench operates within a partisan framework. Its main guides are: the El Crucero Document, the Protocol of Transition of 27 March 1990, agreements subsequent to the July 1990 strike, the National Dialogue Accords of November 1990, and special agreements made by the FSLN Directorate with the government.

It should be noted that, previous to last year's July strike, the government tried to rule on a "de facto" basis and legislate by decree, trying to dismantle the institutional legal order inherited by the revolutionary government.

It should also be noted that the strike in question changed the course of events and led to the process of National Dialogue that culminated in November. During this interim period, laws were introduced in the Assembly such as the Reform of the Law on the Autonomy of Institutions of Higher Education, Reform of the Labor Code, and the Civil Service Law Reform Bill. There was also an attempt to divert the content of the Teaching Career Law presented by the Sandinist bench itself, and the Law Reforming the Organic Court Law.

In all cases, the Sandinist bench waged a head-on battle and, with broad popular support, managed to contain the destructive process of the UNO. In the case of the Organic Court Law, a minority opinion was presented vigorously defending the Judicial Branch, its independence, and organic quality. It was drafted by attorneys from the Sandinist bench working with magistrates from the Supreme Court of Justice.

When the situation changes and the National Dialogue becomes a universal political attitude, very important laws of a purely economic nature reach the Assembly. Example: the Foreign Investment Law and the Law Creating the Superintendency of Banks. Such legislation is first submitted to the National Directorate, then sent on to the bench, and any particular aspects are debated by the bench, by a consensus of UNO and the FSLN.

Correlation of Forces

There are other laws that flow from private initiatives and are not the product of the Natinal Dialogue. Example: the Criminal Trial Reform Law and the Law on Police Functions. The former has not yet gone into effect and the latter has gone back to committee twice as the result of political work based on the sometimes forgotten conception that we are a minority rather than a majority and that we work in all directions at once: up, down, back and forth, trying to

persuade, destroy ideological and political prejudices, and negotiate so that such laws will not be so heavily weighted against our institutional legal order, using reforms which buffer UNO's restorative intentions.

The laws mentioned were unquestionably the product of great ideological and political prejudices of specific UNO representatives, particularly against the Sandinist police. However, they would also affect the performance of the Judicial Branch. One maneuver—illegal from any standpoint—took one of the two bills and tried to move it along to the plenary session for passage. We attorneys on the bench managed to send it back to committee, whence it emerged with two different opinions and its anti-Sandinist content substantially diminished. To date, the Law on Police Functions remains in committee.

On this point, we have been asked not to issue minority opinions, to which we have replied that such opinions polarize, do now allow reforms, operate as options or both, and only go on to the plenary session if the first opinion, that of the majority, is rejected. We do realize that we are the minority and that it is political action, not positions of strength, that allow us to move in this difficult field.

The bench has been accused of two more things: of making deals with the Cesar group aimed at making him president of the Assembly or electing other officials, and of having a pact with that same UNO group to distribute seats in the Central American Parliament, denying elections for the same.

In the former case, one must state categorically that the bench applied the criteria of the National Directorate and that even though voices were raised in opposition, the Directorate's decision was carried out almost unanimously. The same is true in the case of the comptroller's appointment.

In the case of the Central American Parliament, the FSLN representation made no deals, nor does it intend to share seats with anyone. If an agreement should be made on the holding of elections, it would be the National Directorate that would make such decisions, which so far has not been done. The matter is solely in the hands of the government, which would be in charge of budgeting for the event.

Finally, in general terms, the Sandinist bench is accountable for its mistakes and also takes credit for its accomplishments with respect to any decisions it makes. If it has supported the lines of the National Directorate on coordinated legislation, this is not the result of a mere disciplinary attitude, but rather, because we have agreed on that constructive, patriotic attitude, just as we shall close ranks behind the derogation of Laws 85, 86, and 92, because they are reactionary and contrary to the people's interests.

Panama

Violence Feared on 7 Jul; 'Warning' Received

PA0607171991 Paris AFP in Spanish 1640 GMT 6 Jul 91

[Excerpt] Panama City, 6 Jul (AFP)—The Panamanian capital might be the site of violent incidents tomorrow with the culmination of "Friendship Week," organized by city Mayor Mayin Correa to invite U.S. soldiers stationed at the military bases on the banks of the canal to visit the capital, observers indicated here today.

Balboa Avenue, where the U.S. Embassy is also located, will be closed to traffic tomorrow in order to hold a cultural and artistic program to close Friendship Week, which opponents have criticized as "capitulation."

Early this morning, unidentified individuals threw a bomb at Radio KW Continente, owned by a brother of the mayor, who blamed the attacks on groups linked to ousted General Manuel Noriega.

"We will not permit terrorism tomorrow on Balboa Avenue; 20,000 people will prevent it," Correa said over the radio station, where the explosion caused some damage but no casualties.

No group has claimed responsibility for the attack, but an anonymous caller told Homero Londono, the station's information chief, that this was "the first warning because tomorrow will be the end." [passage omitted]

Bomb Hurled at Radio Station; No Casualties

PA0607135291 Panama City ACAN in Spanish 1333 GMT 6 Jul 91

[Text] Panama City, 6 Jul (ACAN-EFE)—A medium-powered bomb exploded today at the installations of Radio KW Continente in Panama City, causing damage but no casualties, sources from the police and the radio station have reported.

Station employees said that the bomb was hurled by unidentified individuals who passed in front of the station at approximately 0430 (0930 GMT).

According to police source, the bomb was homemade. So far, the police have no clues on the identification of those responsible for the bomb or the motives for the action.

Radio Association Condemns Attack

PA0607231891 Panama City Radio KW Continente in Spanish 2200 GMT 6 Jul 91

[Communique issued by the Panamanian Radio Broadcasting Association in Panama City on 6 July—read by announcer]

[Text] Whereas:

1. On the morning of 6 July an attack with a large grenade was perpetrated on the main office of the KW Continente radio station, causing considerable damage.

2. Actions of this type threaten the security of the workers of the radio sector and can cause physical and material harm to those involved in reporting the news.

3. Attacks of this type are an attempt to curtail freedom of expression and the development of free enterprise.

This association resolves:

1. To forcefully condemn this punishable act that affects the development of radio broadcasting.

2. To invite the civic associations and organizations to condemn attacks of this nature that clearly affect the pro-democracy changes that the country needs.

3. To urge the National Government to carry out an investigation and to arrest and punish in a forceful manner the intellectual and material authors of this crime to try to halt the violence that is causing serious damage to the nation.

4. To invite all the radio broadcasters to join in condemning this attack.

[signed] Carlos Ivan Zuniga, president of the Panamanian Radio Broadcasting Association.

Mayor Decries Bombing

PA0607150491 Panama City Radio KW Continente in Spanish 1345 GMT 6 Jul 91

[Telephone statement by Panama City Mayor Mayin Correa in Panama City—live]

[Excerpts] [passage omitted] The attack against Radio KW Continente is against the democracy being advocated on this station. It is a democracy that is making an effort to provide everyone with the opportunity to speak. [passage omitted]

The attack is against my program, which gives even the communists an opportunity to speak decently, as long as they identify themselves. It is an attack against the station's newscasts which provide anyone with the opportunity to speak. It is an attack against all those who work at the station who were out of job for three years because they struggled for the country. [passage omitted]

Those responsible are the followers of Noriega, who are used to terror because they never knew how to use reason. Those responsible are the very small groups who, after 300 women labor in the hot sun and rain to keep the streets of Panama City clean, go to Balboa Avenue and paint insults on the walls. They do not realize that the world is changing and that there are no longer firing squads in the world. They are the ones who say anonymously that the gringos should leave but the Cubans should come. They do not realize that the people are going hungry in Cuba. [passage omitted]

Nationalism is to love Panamanians and not destroy what little that we have. It is to love each other, not to spend days at the university planning terror, death, and destruction. It is not going around shouting empty phrases that no one hears. [passage omitted]

Just as it rose up from the ashes, Radio KW Continente will rise up again. All the smashed windows and the damages to the many beautiful things that were obtained with much effort by a few to give freedom to Panama, will be repaired. The station will continue providing the service it gives to the Panamanian people. But we have to rectify the guidance we are giving to the Panamanian people. We do not need more bitterness, we need more guidance. We have to tell the Panamanian people the real meaning of Friendship Week. Who will it help? It is aimed at helping the Panamanian street vendors, musicians, and artists. It is aimed at giving a little hope and organized recreational activity to all those who live in the country, the gringos, the Argentinians, the Chinese, the Japanese, everyone. It is an effort by people from the mayor's office, who are working hard to give something to thousands of Panamanians. The Panamanians will be offering friendship, not hatred or terrorism. I promise that there will be no terrorism in Balboa Avenue. The people will be there to defend their right to be free. In this country, a minority cannot impose itself on the majority. We will not permit it. In a democracy, the majority decides. Approximately 20,000 people will be there, deciding what they want to do, in order, with freedom, and without offending anyone.

Endara, Attorney General Comment

PA0607201891 Panama City Circuito RPC Television in Spanish 1730 GMT 6 Jul 91

[Passages within quotation marks recorded]

[Text] Attorney General Rogelio Cruz has described the attack on Radio KW Continente as a disruption of public order.

[Cruz] "The initial investigations are being carried out by the national police and the Judicial Technical Police [PTJ]. We look at this as a plan to disrupt the public order situation because it is the latest in a series of incidents aimed at creating unrest and disrupting the public order."

Meanwhile, President Guillermo Endara Galimany admitted that there have been destabilizing actions in the country and he attributed them to leftist groups, which he described as opportunists.

[Endara] "I really do not believe there are rebel groups. There is no accurate information on that; however, there are leftists groups who were left by the wayside when the dictatorship was overthrown. They want to cause disorder in Panama in an effort to return to power.

[Reporter] "Government and Justice Minister Juan Chevalier, however, has pointed out and rejected ideas about a subversive plan to [words indistinct].

[Endara] "I believe there is a coincidence in what the government and justice minister are saying and what I am saying, in the sense that there are no guerrilla groups or anything of that sort. There are small seditious groups that want to inflict damage. I identify them as being leftist opportunists.

[Reporter] "While all of this is happening, however, the political situation is unstable and this hurts the country's economy.

[Endara] "I do not believe it is as unstable as you are saying. I believe the situation is stable. The Panamanian people want their democracy and they are willing to defend it.

[Reporter] "Mr. President, could the latest events be interpreted as the beginning of a wave of violence in the country?

[Endara] "I would say not. I would say that violence will not prevail over democracy in Panama.

[Reporter] "Mr. President, when are you going to counter the actions of the alleged subversive groups in the country?

[Endara] "The Public Force and other government organizations will be fighting against it. I am sure the people will not pay attention to this.

[Reporter] "Mr. President, is your government on a state of alert in view of this situation?

[Endara] "It has been on a state of alert, but we are not panicking. "

Finally, President Endara condemned this morning's attack on Radio KW Continente.

[Endara] "We condemn this. It is something all Panamanians should condemn because freedom of speech cannot be lost because of a simple attack."

Endara, Arias Condemn Attack

PA0607231191 Panama City ACAN in Spanish 2207 GMT 6 Jul 91

[Text] Panama City, 6 Jul (ACAN-EFE)—Panamanian President Guillermo Endara and opposition leader First Vice President Ricardo Arias Calderon, each issued communiques condemning today's bomb attack against Panama radio station KW Continente.

Endara expressed "his repudiation of the terrorist act," the first of its kind against the media during the current government, installed just after the 20 December 1989 U.S. invasion that ousted Manuel Antonio Noriega's military regime.

Arias Calderon, leader of the Christian Democratic Party, the main opposition force, condemned "most energetically and unconditionally" the terrorist act against the radio station, which is "an affront to our country's democracy and peace."

The Panamanian vice president demanded that the proper authorities "exert extraordinary effort to identify and punish the perpetrators in exemplary fashion."

A bomb of medium strength was hurled by unidentified individuals at 0430 (0930 GMT) against KW Continente Radio installations on a centrally located Panama City avenue. There were no personal injuries, but damage was extensive.

It was a homemade bomb, according to police sources. So far, the police have no leads as to who the perpetrators were, or their motives.

Endara on Gasoline Prices, Security, Alleged Coup

PA0507190691 Panama City Circuito RPC Television in Spanish 2300 GMT 4 Jul 91

[Text] President Guillermo Endara has reported that the government decided not to raise the current gasoline price because there are new alternatives that would make it unnecessary to do so.

[Begin recording] [Endara] The cabinet decided not to increase the gasoline prices because of two factors which will occur soon. One is that oil prices will apparantly decrease, and, if this occurs, gasoline price hikes will be unnecessary or very limited. Also, we have received a good offer from our Bolivarian brother country, Ecuador. It has offered us special or lower oil rates. The commerce minister will travel to Ecuador to discuss this matter soon. Thus, based on these considerations, we decided it was best to delay taking such a serious and harmful measure, because the price hike that seems necessary today may not be necessary, or at least the amount of the hike would be reduced. [end recording]

Later on, reporters asked Endara about his security measures and why they have increased.

[Begin recording] [Endara] All my assistants, advisers, and ministers have asked me to accept the security measures because, to a certain point, the Panamanian democratic experiment depends on my life. I do not believe this is totally true because I have two excellent vice presidents. However, I really believe that I have to accept their recommendations. If it were up to me, I would not have any security measures.

[Reporter] What has the council [not further identified] told you? Is there a plan for a coup?

[Endara] There are many rumors. I am sure you have heard them too. However, I do not believe there is any specific plan to this effect. Nothing has been discovered that I could point to. [end recording]

Foreign Ministry on Statements by COPPPAL

PA0807022291 Panama City LA ESTRELLA DE PANAMA in Spanish 30 Jun 91 p a-2

[Communique issued by the Ministry of Foreign Relations in Panama City; date not given]

[Text] Regarding a recent declaration by the Conference of Latin American Political Parties [COPPPAL] during its 16th Plenary Assembly, which took place on 23 and 24 June 1991 in Chile and was attended by legislator Gerardo Gonzalez, president of the Revolutionary Democratic Party (PRD), this Ministry would like to establish its position as follows:

1. The only U.S. troops in Panama are those found within defense sites and military coordination areas in accordance with the Panama Canal Treaty.

2. Those persons who are currently being deprived of their freedom in Panama are subject to the legal procedures established by the law of the Republic. Those persons who believe they are under arrest or are being persecuted without any due legal grounds that may really justify said action, or whose public liberty has been violated, may well resort to the Interamerican Human Rights Court, the head office of which is in Costa Rica. One of the first acts of the present government was to accept the mandatory jurisdiction of said court in order to avoid repeated abuses such as those that occurred during the time of the dictatorship.

3. It is surprising that the COPPPAL, which during 21 years of military dictatorship never worried that the people's will, did not prevail in Panama and is now talking about "general elections." The truth is that the support received by President Guillermo Endara Galimany during the 7 May 1989 elections, that is, during the dictatorship, has not been obtained by any president currently in office, which is the reason said elections were annulled by the dictatorship.

4. The COPPPAL, gathered in Chile on 23 and 24 June 1991, is free to admire dictator Omar Torrijos Herrera and the PRD. However, this should not move them to distort the history of a nation that for two decades was the victim of corruption and repression carried out and promoted by those whom they professs to admire.

PDC, U.S. Accused of 'Orchestrating' Instability

PA0507185991 Panama City LA CRONICA in Spanish 3 Jul 91 p 4

[All quotation marks as published]

[Text] The Christian Democratic Party [PDC] and the United States are interested in orchestrating an unstable situation for President Guillermo Endara's government, according to a 20 June 1991 publication by the weekly bulletin INFORPRESS CENTROAMERICANA, which recently analyzed the recent student protests in Panama.

INFORPRESS CENTROAMERICANA is an information agency that issues weekly bulletins and newspaper supplements on the economic, political, and social situation in the regional nations—including Panama—geared toward businessmen and representatives from financial institutions all over the world.

Without further commentary, we publish the last three paragraphs of the analysis published by this agency, titled: "Panama: Protests for Economic Programs Join the Political Crisis."

"One cannot rule out that the PDC's participation in the recent disturbances—with an eye on their party's future and the elections—is being used as a spearhead and is being supported by the Unites States, which is interested in creating an unstable situation for Endara. The Unites States interest is to project the PDC as the future ruling party and to justify the presence of U.S. troops in the country in light of a possible "people's rebellion," the Public Forces' inefficiency to control this rebellion, and for the "defense of democracy."

"Meanwhile, it must be pointed out that given the current debate on the armed forces' future and the Canal Treaty negotiations, the presence of U.S. troops would be justified as there are no armed forces to "defend" the canal's destiny. This would be the case, should the treaties be renegotiated due to the absence of an army to guard its security."

"Therefore, it is significant that President Endara did not blame the local political parties nor the United States for the disturbances, rather he accused the exiled left of conspiring against his government. Maybe Endara assumed this attitude so as not to deepen the feud with the PDC and not to imply that the United States is playing a role regarding his stability. The truth is that these protests and the official statements not only serve to further aggravate the nation's social and political crisis but they also create a framework for a new U.S. military intervention."

Alleged Attack on Endara's Grandson Denied

PA0507182191 Panama City LA PRENSA in Spanish 5 Jul 91 p A-1

[Report by Nubia Aparicio S.]

[Text] A source from the Judicial Technical Police, PTJ, consulted by LA PRENSA yesterday denied an alleged attack on a vehicle carrying President Endara's grandson Javier Yap.

"There was no attack, the source said, adding that a shot was heard, although it was not possible to determine where it came from or in which direction." [quotation marks as published]

Nevertheless, the source said that the PTJ has started an investigation, "but only as a routine procedure".

An official source who asked not to be identified had previously reported that last night unidentified individuals fired at a vehicle in which President Endara's two-year old grandson was traveling.

The source said that the boy was being taken by his nursemaid and security agents to visit his paternal grandparents and that as they arrived at the residence located on the outskirts of the city, shots were fired at the vehicle.

The source added that fearing that the attack could have been aimed at the president, his close aides have recommended the reinforcement of security measures around him.

Endara Comments

PA0607165491 Panama City LA PRENSA in Spanish 6 Jul 91 p 1

[Article by Elkilia Santos]

[Text] President Guillermo Endara has said that the perpetrator of an attack on his grandson, Javier Yap, age 2, on 4 July, is a "mentally disturbed" person. The incident is currently being investigated by the police.

Endara, who confirmed the attack, said: "He really is a mentally disturbed person because he is attacking a 2-year-old child for resentment that he may have against the president."

In addition, Endara said that a person fired from a moving vehicle at the room where his grandson was staying while at the home of his paternal grandparents.

A Judicial Technical Police (PTJ) source, questioned by LA PRENSA, said the PTJ is investigating the incident.

The president said his grandson was visiting his paternal grandparents, in the company of an adult, and minutes after arriving, a shot was heard.

Endara added that eyewitnesses saw a man who was driving a vehicle fire in the direction of the room where his grandson was staying.

The president said the appopriate security organizations have taken the necessary measures.

He said the security measures may seem ridiculous and bothersome, but are necessary.

Endara said there still are no clues as to the whereabouts of the unidentified individual who opened fire or the vehicle he was driving.

U.S. Citizen Killed Outside Panama City

PA0707205591 Paris AFP in Spanish 2039 GMT 7 Jul 91

[Text] Panama City, 7 Jul (AFP)—Medical sources have reported that a U.S. citizen, presumably a U.S. Army soldier based in Panama, was killed today by unidentified persons on the outskirts of the Panamanian capital.

Peter Spihole, 23, died Sunday morning after being shot in the forehead while he was at a gas station in Cerro Viento, 9 kilometers northeast of the capital, a spokesperson for the Santo Tomas state hospital said.

According to unofficial reports, Spihole was killed by a group of four individuals who opened fire from a vehicle.

The death of Spihole occurred a few hours before the culmination of "Friendship Week," organized by Panama City Mayor Mayin Correa to attract U.S. tourists to the capital city.

For its part, radio station KW Continente, owned by a brother of the mayor, was attacked Saturday with a fragmentation grenade that caused damage to the installation, but no victims.

An anonymous call to the radio station said the attack "was only the beginning and that today, Sunday (during the close of Friendship Week), would be the end."

The U.S. Army, which invaded Panama in 1989 to unseat General Manuel Antonio Noriega, maintains some 9,000 troops on the banks of the Panama Canal.

Government Confirms Murder

PA0807000091 Mexico City NOTIMEX in Spanish 2259 GMT 7 Jul 91

[Text] Panama City, 7 Jul (NOTIMEX)—Panamanian authorities confirmed today that Peter Spihole, a U.S. soldier, was shot in the head and killed early this morning in the town of Cerro Viento, approximately 10 kilometers from this capital.

Police confirmed that four armed persons murdered Spihole near a motel. Spokesmen for the Judicial Technical Police [PTJ] reported that the case is being investigated by the U.S. Southern Command.

The U.S. Army has approximately 12,000 soldiers stationed along the banks of the Panama Canal. In recent days, the U.S. military command has asked U.S. troops not to leave the capital.

The U.S. Embassy implemented a heightened state of security today. This morning, the Committee for the Recovery of Sovereignty held a meeting in front of the U.S. Embassy.

Committee leader Isabel Corro stated that the United States invaded Panama on 20 December 1989 "and killed hundreds of Panamanians that day. That is why it cannot be our friend." The meeting, organized by Corro, was a demonstration against the Panamanian-U.S. Friendship Week organized by Mayor of Panama City Omaira Correa.

In closing the event, Correa said that Panama "began to be a republic when the North Americans arrived here."

Meanwhile, it has been confirmed that a grenade was thrown early yesterday morning at the pro-government Radio KW Continente, which is owned by a brother of Mayor Correa.

Photographs 'Indicate' Guerrilla Camps May Exist

PA0807033291 Panama City EL SIGLO in Spanish 6 Jul 91 p 36

[Article by Aneldo Arosemena]

[Text] Assistant District Attorney Carlos Herrera Moran revealed that film footage made by the National Air Service seems to indicate that there are inhabited camps in the border area between Panama and Colombia that are being used either by drug traffickers or for guerrilla training.

Herrera's statements confirm EL SIGLO reports that the town of Puerto Obaldia, located near the Colombian region of Uraba, is becoming an operations center for Colombian guerrillas and drug traffickers. Likewise, an investigation has been initiated of the training being offered by the Revolutionary Armed Forces of Colombia (FARC) to Panamanian nationals who are alleged members of the clandestine M-20 group.

The Committee Against Crime, of which Assistant District Attorney Herrera is a member, is carrying out an in-depth investigation of all Colombian guerrilla forces that are moving around the border area.

Herrera stated that "we have been able to determine, through aerial photographs and through information provided by residents of the region, that camps and buildings exist there that could well be shelters for guerrilla forces or drug dealers." He also said that the investigations will allow the implementation of operations aimed at ensuring national sovereignty. Herrera did not detail what they would consist of, but did say that they could include the dispatch of heavily armed police units to fight against the guerrillas and the drug traffickers.

On the other hand, Herrera said that the safety and control of the Panamanian-Colombian border had become a

"national security" problem, since there is no specific type of surveillance that could effectively and adequately control this area.

Herrera pointed out that Puerto Obaldia, San Blas, and the Darien had virtually become a safe haven for drug dealers, irregular forces, smugglers, fortune hunters, and gold diggers, and a place specifically suited for illegal aliens.

Likewise, Herrera said that the bodies of four to six foreigners found last week in the Turquesa River in Puerto Obaldia were presumably illegal aliens who entered Panama led by Colombian guides who are involved in the illegal immigrant business. Herrera said that "in some cases, these guides murder the illegal immigrants to steal the objects of value they carry."

The existence of guerrilla camps has been linked to the training of former FDP [Panama Defense Forces] and Dignity Battalion members who belong to the M-20. In this respect, the office of the assistant district attorney has initiated investigations to determine the truth behind intelligence reports that deal with arrangements between the M-20 and the FARC.

In the recent past, Panamanian students who were members of the Panama Students Federation were trained by the 19 April Movement (M-19), eventually becoming members of the group. Shortly afterward, they were captured in the Colombian-Ecuadoran town of Ipiales.

Guerrillas' Existence Denied

PA0607034491 Panama City Circuito RPC Television in Spanish 1730 GMT 5 Jul 91

[Interview with Government Minister Juan Chevalier by unidentified reporters in Panama City on 5 July—recorded]

[Text] [Chevalier] I know of no guerrilla outbreaks along the border. I was told that I had said that there were guerrillas. I do not know; I have not said that, but what they publish does not worry me.

[Reporter] The situation that Mr. MacKenzie, who was arrested with plans....

[Chevalier, interrupting] That is under investigation. You will receive the information when it is completely ready for the simple reason that the investigations must be made with a certain degree of confidentiality so that they may be truly effective. Also, I would be the first to regret giving out information that is not completely true or that might hurt someone.

[Reporter] It was said that U.S. authorities in Panama have evidence and documents that MacKenzie had, which indicate that they were going to initiate a subversive plan in the country.

[Chevalier] See here, it is not a matter of whether there is a plot or not. Things are not that simple. Everyone can see that there is someone here interested in creating uncertainty.

[Reporter] Who is it?

[Chevalier] We do not know. If I knew who it was, I would already have him behind bars. It is obvious, because you see that alleged protest demonstrations break out all of a sudden and last no longer than 15 minutes. When you ask them why they are demonstrating, they do not even know. Then you have people who drive past in a car and shoot at a building or.... [changes thought] They never wound anyone fortunately; they do it simply to create uncertainty. What they want to do is paralyze the economic life of the country, with intentions that are easy to guess. To say that there are guerrillas and a revolution on the move and things like that, please forgive me, but I seriously doubt it.

Security of Some Public Officials 'Increased'

PA0507164691 Panama City EL PANAMA AMERICA in Spanish 1 Jul 91 p 1A

[Text] Panamanian authorities have increased the security of some public officials because of intelligence reports indicating the possibility of attacks against them.

The security organizations revealed that local leftists have had contacts with a group of Panamanian military officers who are in Guatemala.

Major Federico Olechea, former chief of the Panama Defense Force Battalion 2000; Captain Jorge Eliecer Bernal; Captain Rafael Jurado; Lieutenant Mario Ramos Ocana; and Sub-Lieutenants Carlos Alberto Rumbo and Dario Cabezas Del Cid are reportedly residing in Guatemala.

According to reports, several of the aforementioned officers reportedly met with former legislator Luis Gomez, who recently travelled from Cuba to Santo Domingo. Afterward, Gomez visited Mexico, and later stopped in Guatemala.

Ford, Other Officials on MLAT Approval

PA0507182391 Panama City LA PRENSA in Spanish 4 Jul 91 p 1a

[Article by Althea Foster de Chavarria]

[Text] Second Vice President Guillermo Ford has said that he is optimistic about the ratification of the Mutual Legal Assistance Treaty (MLAT) since it is a moral commitment that Panama has acquired.

Ford pointed out that "the MLAT will be ratified because it is a moral commitment that Panama has; I do not believe this will be a political problem for the Christian Democratic Party [PDC], the PRD [Revolutionary Democratic Party], MOLINERA [Nationalist Liberal Republican Movement], and Arnulfists.

Ford also said that a great harm had been done to Panama overseas, because it has been said consistently that Panama is still involved in the money laundering and drug trafficking business.

He also said that "this is offensive to the dignity of the Panamanian people. We must all be aware of the convenience of a treaty of this nature; to show the world that

Panama is not hypocritical, that it is not a two-faced country. It has only one face, which is ready to fight this drug trafficking problem."

When questioned about overwhelming pressure from the U.S. Government to ratify the MALT, Ford said that "this is not a pressure problem, but a problem which was left for last on the national assembly agenda."

Ford stated that "due to procedural methods in the National Assembly, which I must respect, the ratification was not passed. My impression is that, with very few exceptions, the different sides were in agreement on the MLAT because it had been fully debated. This is not a problem with the United States, since the agreement can be undertaken with any other country. Therefore, it is not an issue of impositions, but of a certain degree of responsibility."

On the other hand, Foreign Minister Julio Linares expressed his satisfaction regarding the call made by the president of the legislative assembly for extraordinary sessions in order to discuss the MLAT.

Linares pointed out that there is a powerful campaign against Panama in which we are portrayed as money launderers and as endorsers of illegal drug trafficking. He concluded by saying that "the rejection of the MLAT by the legislatiave assembly will only serve to enhance this image of Panama by the international community."

Archbishop Receives Television Network Concession

PA0507201491 Panama City Radio KW Continente in Spanish 1200 GMT 5 Jul 91

[Text] President Guillermo Endara and Government Minister Juan Chevalier have given Marcos Gregorio McGrath, the archbishop of Panama and the president of the Education Through Television Foundation, FETV, the definitive concessions to the national television network frequencies which are programmed to be aired in stages and whose time schedules are to increase gradually.

Government Defeat in 1994 Elections Forecasted

PA0607011491 Panama City LA PRENSA in Spanish 5 Jul 91 p 1-A

[Article by Manuel Alvarez Cedeno]

[Text] First Vice President Ricardo Arias Calderon predicted yesterday that the ruling political parties would lose the 1994 presidential elections due to the string of "mistakes" the government has made.

Arias believes that the executive branch's decision to convene the Legislative Assembly for extraordinary sessions just to discuss the Mutual Legal Assistance Treaty (MLAT) is yet another mistake of President Guillermo Endara's administration.

"To limit the extraordinary sessions to the discussion of the MLAT is a big mistake, as there are other problems that the Assembly must also settle, such as the reforms to the Social Security Fund's organic law," the first vice president said.

The Christian Democratic Party [PDC], presided over by Arias Calderon, was expelled from the governing coalition some three months ago by President Guillermo Endara himself. He accused "the green star" of obstructing the government's efforts.

Arias also affirmed that the legislators from the PDC, the majority party, will attend the sessions to seriously discuss the MLAT, but reiterated that the sessions should have been convened to discuss other national problems.

Arias again pointed out that the executive branch made a mistake when it vetoed the draft law that would have reinstated payment of the 13th-month bonus to government employees and thus disappointed Panamanians.

On the statements made by PDC Vice President Guillermo Cochez, who said that U.S. Ambassador Deane Hinton is interfering in the internal affairs of Panama, Arias said that "sometimes the waters are rough on the surface but remain calm deeper down."

Manfredo Hopes To Run for President in 1994

PA0707223791 Panama City ACAN in Spanish 1603 GMT 7 Jul 91

[Text] Panama City, 7 Jul (ACAN EFE)—According to an interview published by the magazine OPINION PUBLICA, Fernando Manfredo, the first Panamanian administrator of the Panama Canal, hopes to run for president of his country in 1994.

"I have experience in public and private administration, I have professional training, and I have political experience. I have shown my executive ability, my prudence, my uprightness, my social awareness, and my courage to confront difficult situations," Manfredo said when asked about his candidacy.

"All this qualifies me to be a good president," added the former canal administrator. However, he advised that he would accept the candidacy of the parties supporting him only if he were left "free to invite the opposition to share the government."

Manfredo is affiliated with the Democratic Revolutionary Party (PRD), the main political force supporting the previous Panamanian military regimes and now one of the two strongest forces opposing the government of President Guillermo Endara.

Manfredo was deputy administrator of the Canal from 1979 through 1990 and was first appointed by General Omar Torrijos, the first "strong man" of the previous regime. He was acting administrator for six months in 1989 and 1990, at the request of U.S. President George Bush.

His acceptance of the post offered by Bush led to a serious confrontation with the last "strong man" of the military regime, Gen. Manuel Antonio Noriega, who was ousted by the U.S. invasion of 1989 and is now imprisoned in Miami

(USA) awaiting trial for narcotics trafficking and money "laundering."

Manfredo, who has also been minister of commerce and industries and minister of the presidency, insisted that he will only accept the candidacy if those who support him accept certain conditions, such as that of leaving him free to select officials regardless of their political affiliation.

"The government is not some sort of political booty to distribute among the winners," said the former administrator of the Canal.

Concerning Endara, Manfredo said that his government work "can only be described as poor, erratic, inconsistent, incoherent, disappointing, and frustrating."

Argentina

* Implications of Armed Forces Reduction Viewed

91SM0376A Buenos Aires LA PRENSA in Spanish 3 Jun 91 p 6

[Editorial: "Austerity in the Armed Forces"]

[Text] In a recent message, the minister of defense announced severe budget cuts, a reduction in the Army's civilian and military personnel, the establishment of maximum vacancies for admission to military high schools, a decrease in the number of draftees, privatization of companies associated with his ministry, and a cutback in the flight time of Air Force pilots. These were the most significant measures, but he added that all elements of the controversial Condor II missile would have to be "deactivated, dismantled, converted to other uses, or left idle, based on their potential peaceful purposes and applications."

He also announced that Argentina would subscribe to the Missile Technology Control system signed in 1987 by the United States, Great Britain, Italy, France, Germany, Canada, and Japan, whose purpose is preventing the proliferation of such weapons of war.

Perhaps the most important of all these adjustment measures is the reduction in the Armed Forces' civilian and military personnel, which will affect 41 percent of the former category and nearly 10,700 persons in the latter. The austerity program will also mean deactivation of 20 percent of all military attache posts abroad.

Even at the risk of being inaccurate, one may make a distinction in the plan announced by the minister between a number of economic measures, such as reductions in personnel, and others that are clearly politically inspired, such as, for example, "deactivation" of the Condor II project. This cancellation would also presume that all scientific personnel, facilities, and materials involved in the suspended program would be transferred to an organization that would bear the name of National Space Activities Commission under the Office of the President.

In principle, one may presume that such austerity measures for the Armed Forces would have a favorable effect on the national economy, inasmuch as they mean a reduction in the fiscal deficit. The government cannot continue to maintain an apparently oversized military machine whose structure reportedly exceeds the country's defensive needs.

And yet, the defense minister stressed in his speech that none of the measures contemplated would be detrimental to the nation's military interests. Emphasis on this aspect of the question was probably in deference to voices raised warning of the country's presumed defenselessness.

Without denigrating other positions on the issue, it would be inconceivable for the government to fail to pay heed to demands resulting from the need to protect the nation's territorial integrity and sovereignty. The decisions made by the Ministry of Defense are based on a general political vision. Those who think Argentina is defenseless are presuming the latent existence of a potential conflict.

Consequently, from a strictly military standpoint, deactivation of the Condor II missile project might be controversial, but the minister's explanation of the measure appears reasonable. He notes that this weapon, "far from contributing to our security, made the country more vulnerable, heightened instability in other regions of the world, and seriously compromised the country's prestige."

In other words, at a time when strategies are being worked out for the integration of Latin American countries, particularly Argentina, Brazil, Chile, Paraguay, and Uruguay, the development of weapons technology could have a detrimental effect, especially when it could lead to clashes with the United States, behind whose policies most Latin American countries are busy lining up!

While certain obscure points remain to be clarified—such as suppositions about the country's defenselessness—it should be stated that for the first time in many years—and as the chairman of the Joint Chiefs of Staff recently noted—our military policy now obeys the dictates of the government and the country's economic situation. The Armed Forces thus assume the role which the legitimately elected government assigns to them.

* Businessmen's Investment Plans Surveyed

91SM0376D Buenos Aires LA PRENSA in Spanish 31 May 91 p 2

[Text] At the eighth congress of the Argentine Institute of Finance Executives (IAEF) held on 23-24 April, its Department of Research conducted a technical poll of delegates concerning investments, business financing, development of the money market, convertibility plan, social security, and sectors experiencing growth.

In response to a question about whether businessmen planned to make investments during the latter half of 1991 and 1992 in order to increase their ability to compete, 63 percent of all delegates polled answered in the affirmative, responding either "significantly" or "fairly significantly."

Financing of Investments

They intended to finance such investments either by reinvesting profits or by using the contributions of shareholders in 33 and 22 percent of the cases respectively and by using foreign or local credit in 22 and 11 percent of the cases. The rest would be financed by other sources, including negotiable bonds or suppliers' credits.

In terms of factors affecting development of the capital market, 84 percent of those polled pointed to legal security as a fundamental element. A rate of inflation comparable to international levels was mentioned by 59 percent of those participating and a tax structure attracting investors by 55 percent.

Convertibility Plan

Concerning the effects which the convertibility plan is thought to have on the capital market, some 70 percent deemed them to be positive and 30 percent moderately positive. There were no responses for the remaining options, which represented negative effects.

With respect to social security systems, all delegates consulted chose a system of private capitalization, while 66 percent accepted their co-existence with minimum government retirement financed by taxes.

Sectors of Greatest Interest

Finally, the main sectors of activity in which it is thought that investments will be concentrated over the next 18 months are oil, chemistry and petrochemistry, communications, construction, and exports.

A total of 56 questionnaires were processed, 50 percent of them from delegates connected with industrial enterprises, 34 percent with financial institutions, establishments other than the stock market, stock brokers, and so on, and the remaining 16 percent with insurance and consultants.

* May Industrial Production Figures Up

91SM0376C Buenos Aires LA PRENSA in Spanish 4 Jun 91 p 2

[Text] The deseasonalized industrial production index rose 9.5 percent in May compared with the previous month, the Argentine Business University (UADE) has revealed.

When it is broken down, the study by this private institution observes uniform behavior by all branches considered, although those having to do with the production of durable consumer goods and semi-finished products registered the greatest level of activity: 9.4 and 9.9 percent respectively, followed by capital goods, with 6.2 percent, and nondurable goods, with 3.9 percent.

UADE emphasized that although the industrial sector manifested positive behavior in April, it is using only slightly over 50 percent of plant capacity.

He said the recovery of production is reportedly linked with greater sales, associated with a drop in inflation and the possibility of access to consumer credit.

Nevertheless, supply reacted cautiously to this surge in demand with a moderate increase in the use of installed capacity and tending to satisfy immediate consumption.

* Retirees' Low Pension, Other Issues Criticized

91SM0376B Buenos Aires LA PRENSA in Spanish 6 Jun 91 p 6

[Editorial: "Three Shameful Situations"]

[Text] The situation in which Argentina's elderly and retired people find themselves is a veritable disgrace for society as a whole. Over 60 percent of all retirees and pensioners have an income of only 1.2 million australs, which does not even meet their minimum basic needs. At the other end of the scale is a privileged minority living in opulence due to special systems which, despite the solemn promises of government officials and legislators, remains untouchable. Whenever there is the slightest hint of doing away with this corruption, pretexts are always advanced to prevent its eradication.

It is nevertheless a fact that the situation of retired people and pensioners cannot continue as it is. We must put imagination and intelligence together and come up with funds and redistribute resources, solving the problem forthwith. It would be interesting to know how we would have confronted the situation if we had avoided the formidable outlays which industrial promotion programs have entailed and continue to entail, programs which to date have served no other purpose than to maintain a poor and obsolete industry run by rich industrialists. Or if we had overseen the funds provided for the Yacyreta project—which the president has labeled as a "monument to corruption"—which continues to bleed the national budget white. These are but two examples.

Perhaps what is needed is a thorough reorganization of the social welfare system—whose funds were looted by the first Peronist movement and subsequently turned into a money machine for all successive governments—and the implementation of new forms, not only of obtaining contributions, but of making the most of such contributions by actuarial methods and a legal commitment to prevent their diversion to other purposes. The current minister of economy is sufficiently bold and talented to seek to remove this source of shame without further delay.

Next month, as promised, he will indeed take up programs under consideration by lawmakers from the government party in order to improve retirement pay and pensions.

However, none of the foregoing gives a group of retired people—perhaps one should say "activist retired people," not to be confused with "retired activists," which we also have—the right to present in front of the Law Courts the denigrating spectacle we have daily witnessed for weeks. It is inadmissible that they should occupy a public square and erect tents where they spend their days and nights as if on a pilgrimage. They also frequently invade Justice facilities and force guards to close access doors, barring attorneys and litigants from coming and going and shouting abuse which those going gray should, however righteous their anger, avoid as a matter of common decency. It is the height when they try to transform Plaza Lavalle into a "truck garden," planting produce "in order to survive," because in that case we are witnessing nothing but a farce.

No one would oppose the right of the elderly to protest the unjust situation they now endure, but no right-minded person in this country can accept injustice, vulgarity, and even stupidity as an instrument of struggle. One is struck by the passivity of the nation's Supreme Court of Justice, the main target of the wrath of protesters, which should require of those involved a minimum of respect for its high investiture. As is usually the case in such matters, the Ministry of Interior, through the Federal Police, is lending a deaf ear. Whatever the case, an immediate end should be put to this embarrassment because it is the second shameful situation to which we alluded in the title of this editorial.

If it continues the miserable allocations to retirees and pensioners and if such excesses in front of the Palace of

Justice are allowed to continue, accompanied by the sad spectacle of the Plaza Lavalle "tent city," the National Executive Branch will unavoidably have to assume responsibility for it vis-a-vis the citizenry and thus demonstrate its striking ineffectiveness in terms of two problems under its administrative management.

This would be the third shameful situation caused by these unfortunate episodes.

Brazil

* Scope of Iranian Trade Interests Reviewed

91SM0359A Sao Paulo VEJA in Portuguese 5 Jun 91 p 84

[Text] Brazil is not accustomed to being visited by Japanese business magnates interested in buying real estate, commercial firms, and monuments. On the other hand, with every passing hour, another very wealthy Iranian arrives in Brasilia. In the first year of the Collor government alone, five Iranian ministers and businessmen paid us a visit. They want everything—chickens, hydroelectric plants, iron, soybean oil, sugar, tanks, and planes. But they are leaving Brazil with more promises than signed contracts. Last week, there was yet another visitor. Dr. Ali Akbar Velayati, the Iranian minister of foreign affairs, arrived on Thursday with a proposal involving $2 billion. The minister is seeking a cooperation agreement which would involve the Brazilian government and the Sarah Kubitschek Hospital in Brasilia.

The reason for Iran's interest in the Sarah Kubitschek Hospital is simple. It is regarded as one of the best hospitals in the world in the field of rehabilitating accident victims and patients with physical disabilities. It is almost entirely computerized, and it produces the equipment it needs. The Iranian Government wants to cooperate with the hospital, because its eight years of war with Iraq have left it with 600,000 disabled persons, and the country needs the techniques and equipment with which to help these people. The proposed agreement with Brazil, which may be signed in July, provides that the Sarah Kubitschek Hospital will send 40 employees to train between 5,000 and 10,000 doctors and nurses. "Brazil is abandoning its role as a seller of weapons in order to aid the victims of war," Aloysio Campos da Paz, the president of the hospital, says. The Iranian Government also wants to import Brazilian equipment, and plans to build hospitals similar to that in Brasilia. That is where the greater part of the $2 billion will be invested. However, the influx of the money into Brazil depends on the participation of Brazilian enterprises in the bidding on the project.

Developing Trade

According to the representatives of Brazil, Iran has a fortune of $120 billion to invest in the reconstruction of the country at present, and Brazil is in an excellent position to win a part of these resources. There is a political reason for this. Brazil has not been at war with Iran, and since last year, it has been the heaviest purchaser of Iranian oil. The United States cannot even hope to obtain this money. The Americans supported Shah Reza Pahlevi during the 1979 revolution in Iran, and the Ayatollah Khomeyni's Shiites invaded the embassy of the United States in Tehran and took 50 hostages, whom they held for 15 months. Nor does Iran take a much more kindly view of the majority of the countries in Europe. With Brazil, it is different.

Today one can find Sadia chickens in the stores in Tehran. The Vale do Rio Doce Company and the Usiminas [Minas Gerais Iron and Steel Mills, Inc.] are exporting iron to Iran. There are increasingly strong ties between Brazilian enterprises and the Iranian economy. The sale of machinery is being negotiated. The Brazilian Postal and Telegraph Enterprise is going to reorganize the Iranian postal service, and the Andrade Gutierrez construction firm may participate in the consortium which will build a hydroelectric power plant at a cost of $1.2 billion. It would be fine if Brazil and Iran could agree on the building of factories, hydroelectric plants, and hospitals alone. The problem is that Iranian interest in the Brazilian war materiel industry is also great. The purpose of one Iranian minister's visit to Brazil was to study the AMX pursuit plane produced by the Embraer [Brazilian Aeronautics Company], and it is known that there is interest in purchasing spare parts from the Engesa [Specialized Engineers, Inc.] to reequip the armored vehicles disabled during the war with Iraq. In this sector, Brazil might find itself with a problem. It depends on the United States and the European countries for imports of machinery and technology, but these countries do not under any circumstances want to see any ayatollahs well-armed. It is almost certain that they would boycott Brazil if the country were to sell weapons to the Middle East again.

* Foreign Affairs Ministry Views Restructuring

91SM0374A Sao Paulo GAZETA MERCANTIL in Portuguese 8-10 Jun 91 pp 1, 3

[Article by Brasilia correspondent Claudia de Souza]

[Text] In light of the new world order, the organization of the world economy into large blocs under the leadership of the Group of Seven (G-7) more developed countries, and the democratization of this country and its Latin American neighbors, Itamaraty and Brazilian foreign policy are changing in form and content.

In terms of form, the Ministry of Foreign Affairs is getting ready, for the first time in 30 years, to modify its internal structure and make it more responsive. "Brazil and the world have changed a lot and so we have to decide, as we look ahead to the next 15 to 20 years, under what conditions and with what equipment the Brazilian diplomatic personnel should be working," Ambassador Eduardo Moreira Hosannah, executive secretary of Itamaraty, told this newspaper.

His intention is to implement, perhaps by the end of this year but certainly prior to the end of Minister Francisco Rezek's tenure, a restructuring along the lines of what companies all over the world are now conducting in order to become more efficient. These are changes that are

independent of the current debate on salary increases for government employees, or the priorities of the administrative reform of the executive branch.

For example, the present structure under which the work is set up in geographical departments, a system in place since the early 1960's, would be changed. The ministry would be divided up by subject matter, and the approximately 300 diplomats who now work in Brazil would be able to respond more quickly to issues as they arise.

Questions being discussed include how to deal with a growing number of female diplomats, and the need to make the approximately 15 new graduates coming out of the Rio Branco Institute every year less academic and better prepared for day-to-day work at Itamaraty. In addition, a choice must be made between having a large number of posts distributed all over the world, or a smaller number, better equipped and centralized at strategic points—something along the line of deciding whether, in today's world, it might not be more effective to concentrate diplomatic functions in Geneva or Brussels after 1992 instead of having several posts in Europe, or replacing the single post in Moscow with several posts in the Soviet republics.

Changes in the content of Brazilian foreign policy, although more difficult to detect, are more defined. Ambassador Marcos C. Azambuja, secretary general of foreign policy at Itamaraty, talks about formulating a "master policy line" for today's needs, to replace the "responsible pragmatism" of the 1970's.

"The script is getting old," the official said. But he starts out with an old basic theme: "In recent years an economic revitalization has occurred in the Northern hemisphere, at the same time as the South has gotten poorer," he states, making clear the impossibility of Brazil adopting a position of unrestricted support of its stronger partners in the North.

It is recognized with regard to the Middle East that Brazil's policy of limited support of the UN during the Persian Gulf conflict has not yielded deals of opportunity as occurred with Argentina which, by its symbolic gesture of sending a frigate to the Gulf, was able to win a role in the rebuilding of Kuwait. According to Azambuja, the markets of Iraq—temporarily deactivated by the UN embargo—and Iran, whose potential has increased because the effort of that country's government to warm up to the West in an attempt to rebuild its economy, are still priority targets of Brazilian economic diplomacy.

"These are major exporters of petroleum and populous societies with huge development projects, in contrast to countries like Kuwait or Saudi Arabia, which are smaller markets already dominated by the more developed nations," the ambassador said.

Nor has there been a change in Brazil's economic policy of penetrating the major markets of Africa. "It is not a question of winning converts, but of cash flow problems," Azambuja said, referring to the lack of funds for undertaking the kind of trade promotion missions that were common prior to the recession and the disinvestment of the Brazilian state.

The key to a successful penetration by Brazil into the new world order seems to lie in strengthening the ties of integration between Brazil and the Southern Cone countries—particularly Argentina. The two countries have been speaking with one voice—and thus more loudly—in international fora such as the International Atomic Energy Agency, and on the international trade front.

Once their economies have stabilized, say observers such as Brazil's ambassador in Buenos Aires, Francisco Thompson Flores Neto (who visited Sao Paulo recently to talk about relations between the two countries), Brazil and Argentina will find in the alliance a realistic and pragmatic way to deal with interlocutors such as the G-7 and to take advantage of the business opportunities that arise within the economic blocs for developing countries with average income levels and some degree of modernization.

Strengthen Ties to Argentina

Proof that the way out of the present situation lies in the integration of Brazil with its peers can be found in the United States' unusual acceptance of the Mercosul at interlocutor in the context of the continent's commercial integration talks. "A market like the one formed by those countries is hard to ignore," commented Ambassador Azambuja. In fact, Mercosul has a population of 190 million, a GDP of $450 billion, and annual per capita income of $2,300.

In order to sign up advantageously under the new rules of the world game in which market economies are the victors, it will be necessary, in Itamaraty's view, for Brazil to become universalist, to sidestep tensions, and to reinforce multilateral tendencies, as well as to adjust operationally to the new order. Brazil's relations with the United States, the most powerful nation in that new order, will inevitably play a central role.

"The two countries are not living up to the potential of their relations," says Azambuja, emphasizing that President Collor's imminent visit to Washington is an opportunity to, as he puts it, "reinaugurate the relationship." Behind the diplomatic jargon is an admission that relations with the United States could be closer, and need to be improved.

Any triumphs, however, will still have to be confirmed in practice: an energizing of the Initiative for the Americas, or Bush plan—the commercial understanding program inaugurated last year; resumption of direct investments and forgiveness of the debt along the lines of the Brady Plan; and the signing of the agreement known as "4 + 1," that is supposed to set up the initial mechanisms for trade integration between the United States and Mercosul.

It would also have been possible, according to Azambuja, to clean up a good part of the "negative agenda" with the United States had a decision been made internally on a Brazilian informatics law and had the intellectual property

regulations been put back on track. Problems would remain—but they would be much smaller today than a year ago—like the delay in the payment of the foreign debt and the recognition of Brazil as a dependable partner in trade financing, which is still not being done through the U.S. Eximbank.

Reinaugurate Relations With the U.S.

Azambuja, who has made three preparatory visits to the United States, says that other factors will assume importance in the improvement of relations: what he calls the "good chemistry" between the two presidents, and the favorable effect—particularly as regards the pending external debt repayment issues—of the change in the economic team and the installation of an economy minister who spent the last year, while ambassador in Washington, working toward that same end.

The list of topics that Azambuja discussed with Assistant Secretary of State Lawrence Eagleburger, the official mainly responsible for U.S. foreign policy, last week in Santiago, Chile during a meeting of the Organization of American States seems to provide a more concrete indication of the agenda of priorities in relations between Brazil and the United States.

On that list were cooperation between the two countries in preparing for ECO-92; joint action on human rights, an issue that threatens to tarnish Brazil's image abroad even more than the moratorium on the external debt or the devastation of the jungle; the resumption of the Uruguay Round of the GATT, the multilateral agency in charge of debating the world trade system, with the United States obtaining Brazil's support to expedite discussions on the differences between the Americans and the Europeans on farm subsidies; and the battle against the drug traffic.

On the thorny matter of military cooperation between the two countries, the secretary general of foreign policy denied there is any understanding regarding a military agreement and said it is up to the Armed Forces to take the initiative in that direction. Nor does cooperation in the battle against the drug traffic involve more than a general understanding of principles established by Vienna on that subject.

"It is desirable for Brazil to cooperate with the United States in accordance with those principles without any more intimate institutional arrangements and without exceptional elements of participation," says Azambuja, responding to a question from this newspaper as to whether a parallel might develop with the situation in Peru, where an informal understanding exists between Peruvian and U.S. Armed Forces for the United States to have a military presence with a view to combating the drug traffic.

*** Engesa Sale Negotiations Continue**

91SM0359C Sao Paulo FOLHA DE SAO PAULO in Portuguese 20 May 91 p 1-8

[Article by Roberto Lopes: "Engesa's Successor To Supply 1,500 Tanks to Army"]

[Text] Brasilia—The company which takes over ownership of the Engesa [Specialized Engineers, Inc.]—the enterprise manufacturing armored vehicles which has declared bankruptcy—will have to supply the Brazilian Army with about 1,100 tanks and armored trucks which have been paid for but not yet delivered.

This debt will be acknowledged in the stockholders' agreement to be signed in connection with the organization of the new enterprise. The new company is the subject of negotiations between the government and the British Aerospace group. The British want ownership of 40 percent of the company, which some generals regard as excessive.

It is almost a certainty that the Imbel [War Materiel Industry], an enterprise affiliated with the Ministry of Army, will own 11 percent. Although the Engesa has accumulated major losses in the last four years, some Brazilian companies are very interested in the negotiations. One of these is C.R. Almeida, in the civil construction branch.

The talks with the British are being conducted on behalf of Brazil by Secretary of Strategic Affairs Pedro Paulo Leoni Ramos, and the vice president of the Imbel, Col. (Res) Lucio Pereira, one of the strong candidates for the presidency of the new company.

Neither the current president, Jose Luis Withaker, nor his brother Jose Guilherme Withaker, nor any other member of the board of directors of the Engesa will serve as an executive in the company which will take it over. Miguel Withaker, the cousin of Jose Luis and former director of foreign relations, has obtained a post in the air cargo enterprise AeroBrasil. Luis Aratang, who had charge of the administrative sector, was invited to join the board of directors of Transbrasil.

Jose Guilherme is to go to the Enveno [Motor Vehicle Engineering Corporation], which produces special vehicles. Neither Jose Luis Withaker nor his right arm for foreign negotiations, Vito di Grassi, have definite plans as yet. Some generals raise serious questions about Vito di Grassi. They say that as an executive of Engexco (a trading company created by the Engesa to export its products and others), he rejected many transactions regarded as "small" (involving about $3 million), dreaming of larger sales which were never realized.

At this time, the Brazilian negotiators are undertaking to establish what debts the Engesa owes to some of its major creditors. Jose Luis Withaker has already sold the Engesa stocks he owned to the Imbel.

The Army is now in possession of the plans for the manufacture of the Cascavel tank with wheels, the Urutu armored vehicle, the Jararaca reconnaissance vehicle, and the Sucuri 2 tank-pursuit vehicle. These are four of the Engesa's most important products.

With the exception of the Sucuri 2, these vehicles are extensively used by the Brazilian Army.

* Ramos on Need To Control Arms Sales

91SM0374E Sao Paulo FOLHA DE SAO PAULO in Portuguese 7 Jun 91 p 1-7

[Report by special Brasilia correspondent Roberto Lopes]

[Text] The Secretary of Strategic Affairs of the Office of the President, Pedro Leoni Ramos, said yesterday that Brazil is going to have to "discipline" its sales of "sensitive" equipment to the Third World in order to gain "additional credibility" abroad and have "access to products and technologies that are indispensable to this country's entry into the First World."

By "sensitive" products is meant high-tech weapons, such as missiles and other sophisticated equipment—from the informatics sector, for example. Leoni's statements are a sign that the administration is getting ready to accept the rules of the Missile Technology Control Regime—known internationally as the MTCR—an accord among the major western powers that regulates access to missile technology by the developing nations.

The MTCR is considered an abomination by important sectors of the Armed Forces—especially those involved with high technology in the space field, such as the Aerospace Technical Center (CTA) in Sao Jose dos Campos.

Ramos made these statements yesterday in testifying before the Chamber of Deputies' Committee on National Defense. At the end of the session, when asked by FOLHA if his words could be interpreted as an acceptance of the MTCR, he answered: "Look, I think we really need legislation that will organize our transactions with sensitive equipment—legislation that has been passed by Congress. It could be based on the MTCR or not—that can be decided later."

The secretary appeared confident during his testimony. He denied that Brazil is going to sign a military agreement with the United States, and at no time was he bothered by the questions asked by the deputies (almost all of whom were unprepared to discuss the subject).

* Committee To Draft Rules on Technology Flow

91SM0374D Sao Paulo GAZETA MERCANTIL in Portuguese 8-10 Jun 91 p 11

[Article by Brasilia correspondent Claudio Kuck]

[Text] On Friday the government established a Special Interministerial Commission within Itamaraty to develop the regulations on international flows of sensitive technologies that can have both peaceful applications in industry or be used for aggressive military purposes. Legislation enacted by other countries will be studied, to enable President Fernando Collor to send a bill on the subject to the National Congress within 120 days.

The meeting was coordinated by Acting Foreign Minister Ambassador Marcos de Azambuja and the commission includes representatives of the ministries of Justice and Economy, the Armed Forces General Staff, and the strategic affairs and science and technology secretariats. An initial analysis was made of the mechanisms needed in order for Brazil to update its laws on the purchase, use, and transfer of sensitive technology.

Brazil's intention, according to Itamaraty, "is the preservation of international peace and security, but including its access to advanced technologies." Passage of the future bill would give the government firmer control over the area, which will help to assure the international community that Brazil can be trusted to receive sensitive technology.

One diplomat emphasized that the law is not being drafted at the request of the United States, "but is a natural consequence of the present world technological development and the importance and responsibility that Brazil wants to have internationally in this field." Some members of the commission, such as Secretary of Strategic Affairs Pedro Paulo Leone Ramos and Secretary of Science and Technology Jose Goldemberg, along with Marcos de Azambuja, have already discussed the subject during recent trips to Washington.

The commission is going to try to form a national basis for multilateral discussions on high-technology transfers. There is a consensus that Brazil needs to have clear general rules to underlie its positions at the different international fora where technology is discussed, something that is lacking now. Today it is hard to dialogue with the various interlocutors because they present different demands and have different policies on the transfer of sensitive technology.

* Heads of Top 500 Express Optimism, Concerns

91SM0375A Sao Paulo VEJA in Portuguese 12 Jun 91 pp 68, 69

[Text] Brazilian business leaders from the team of the giants—heads of the 500 largest companies—continue in their haze of optimism. They no longer believe that inflation will explode nor that domestic output will decline this year by 5, 7, or 10 percent, a disaster frequently predicted at the beginning of 1991. In the worst case, they believe that the Brazilian economy will produce wealth equal to last year. In a better case, the GDP [Gross Domestic Product] might grow a bit. The business leaders are betting on an annual inflation of about 350 percent in 1991 and 270 percent next year. Not bad for a country that consumed itself in a burning 1,765 percent [inflation] in 1989 and 1,795 percent in 1990. This optimistic (or less pessimistic) outlook appeared last week in an opinion survey taken by Sao Paulo consulting firm Price Waterhouse, one of the largest and most respected in the practice.

Price's survey is complex and touches on many areas of the business leaders' activities. In the survey, it is discovered that they believe high taxes to be the Brazilian economy's capital sin, they are unconcerned with the weak domestic market, and they do not believe that the foreign debt is a significant problem. The change in outlook of the pilots of the largest companies is the most interesting detail. Two or three months ago they were nervous, insecure and discouraged. Now they are adopting a calmer stance, both in the survey and outside it.

Part of the explanation lies in practical reasons. The FIPE [Economic Research Institute Foundation] has shown that

inflation in Sao Paulo from the third week of May to the third week of April was miniscule. At 5.8 percent, it was the lowest rate since 1987. In May the National Treasury also toed the line with impeccable behavior—it had a surplus of almost 11 billion cruzeiros. There are other stimulating numbers on the economic scene, but nothing completely explains the moderate encouragement felt by the business leaders. Price's consultants believe that psychological factors explain the rest of the optimism.

Zelia's Lambada

The research was completed after Minister Zelia Cardoso de Mello and her followers were replaced by Minister Marcilio Marques Moreira and his team. "The new people in the Economics Ministry have reassured the business leaders, and that reassurance was felt in the poll," says Celio Lora, Price's director who led the study. Being close to Zelia's team and acting as a sanitarium doctor, ready to give electric shock therapy to the patients, Marcilio and his assistants are like those St Bernard dogs who arrive with little barrels of brandy hung around their necks to revive unconscious travelers. The St. Bernard dogs perform no miracles, but their presence is comforting.

Marcilio's team, and Economics Secretary Dorothea Werneck in particular, has dealt a sharp blow to economic routine. Last week they freed up the prices of spices and alcoholic beverages, beans, chicken breasts, instant coffee, canned goods, and other products, after having previously granted several increases. The freeze has thus been broken, but gradually, to prevent an outcry and the outpouring of threats so common during the administration of Zelia and her people. "We went from Zelia's lambada to Marcilio's waltz, but the dance is not over," commented Financial Systems Executive Valdomiro Jose Bernardo last week after a meeting of the Sao Paulo Trade Association, where a high-level poll of the participants showed results along the same lines as Price Waterhouse's survey.

Brazilian business leaders, in the statistical mirror sketched out by Price, are contradictory souls. A large proportion of those interviewed—27 percent—mention technological backwardness somewhere in the survey as a factor in the domestic economy. Only 4 percent, when asked about their firm's internal problems, recognize any. "Brazilian business leaders, on average, do not admit their problems, but are well-versed in those of others," says Lora. He takes as a prime example the contradictory opinions on the Collor Plan II. Half of those interviewed considered the plan to be terrible for their businesses, but 85 percent believe that output will grow or remain stable. That is, the interviewees believe that the economic plan was terrible for their companies, but will not affect output or profits. It is difficult to understand, then, why the plan is considered so terrible.

Litany of Complaints

Price has distributed its questionnaires and collected the responses since 1989, repeating the activity every four months. In an historical analysis of the survey, one detects an irritating litany on the part of the business leaders, when they assign responsibility for the Brazilian crisis. They always blame the government, because it spends too much. They also like to blame an invisible entity—everyone else. In the survey results released last Wednesday, out of 14 possible causes of inflation they chose as number one that ephemeral entity known as "inflationary memory of economic agents"—a phenomenon common to all society, including the unions pushing for adjustments and the baker who increases the price of his pudding out of habit. The responsibility of the business leaders themselves is diluted in this vast inflationary memory.

The second most important cause of inflation is the eternal public deficit. That response is, at the very least, strange. For months now, the federal government has shown surpluses and has manifestly stopped spending. Since it has not printed money to cover its expenses at the exorbitant levels of the Sarney government, no inflation has been produced for that reason. It is not understood why the public deficit ended up as the second biggest cause of inflation in the Price's report. On the list of reasons, the business leaders blamed various items. They blamed production cost increases, oligopolies, interest rates, uncertainty, and mistrust of economic conditions. They did not believe themselves to be directly responsible in any of the 14 points. "It really is a crying session, but we are right, overall," says Sao Paulo State Industries Federation Vice President Carlos Eduardo Uchoa Fagundes.

The business leaders are indeed correct in several of their ideas. They are increasingly concerned with the concentration of income in Brazil, a faultline in the country's economy. In the first survey, in 1989, only 13 percent of the business leaders Price polled showed concern over this issue. Last week, the figure had increased to 42 percent. What tripled the volume of the business leaders' social concerns was the recent recession, which reduced customers and profits. The lesson, involving a great deal of sacrifice, was that well-distributed income broadens the market, output and profits, but it was finally learned.

Scrubdown

Many things have changed in the thinking and techniques of the 500 big business leaders, as a result of the Collor government's economic reforms. They no longer believe that inflation is Brazil's primary problem. They now complain of excess taxes, and with good reason. In the past, prices were adjusted every month according to some of the 20 indexes of current inflation, the economy accelerated, and no one looked at costs. In the 1991 scenario, there is little money and few buyers. Under these conditions, business leaders have begun to study the costs and have discovered taxes. "Taxes did not increase. With the recession, it became difficult to pay them," says Price Director Lora.

The 500 business leaders interviewed by Price manage $108 billion in assets, and command annual output calculated at one-third of Brazilian GDP. This is the cream of the crop. The club might have suffered from the economy under Zelia's command, but Price has concluded that the

scrubdown was worthwhile. The business leaders learned that it is important to have an excellent relationship with suppliers, to guarantee supplies, quality, and price. They also want to modernize their plants. In 1989 the business leaders hoped to dedicate 9.8 percent of investment to automate line production and purchase computers. The level has risen to 10.5 percent today.

The savage tumble in the Brazilian economy has not taught everything to the elite in the survey. Only one in ten business leaders is concerned with restrictions on foreign capital investment. A bad sign. It is almost a consensus that the country does not have sufficient domestic savings to undertake reasonable growth in the future. In that sense, the big business leaders still appear confident of the financing methods of the past, which produced the obscene Brazilian foreign debt.

* Rules of Export Financing Program Formulated

91SM0383B Sao Paulo GAZETA MERCANTIL in Portuguese 14 Jun 91 p 3

[Article by Maria Clara R.M. do Prado]

[Text] Brasilia—Sources for the financing of exports were expanded yesterday by a Central Bank (BC) circular. It provides for the extension to all products of the possibility of advance payment up to a year prior to shipment previously enjoyed by agroindustrial products. Prepayment may come not only from the importers, but also from financial institutions, trading companies, or any other source.

"We are opening up another range of financing opportunities," Arminio Fraga Neto, the director of the International Department of the Central Bank, said yesterday. The BC has also decided to liberate the interest rate for these operations. It can now be established on a level directly negotiated by the parties.

Prepayment for exports, independent of the financing source, had already been authorized for agroindustrial products by the Central Bank in September of last year. This measure has led to a substantial increase in the volume of early payments in recent months. The following values resulted from this kind of operation last year: $300 million in the first quarter, $570 million in the second, $700 million in the third quarter, and $1.5 billion in the last quarter, when the flexibility allowed for exports of agroindustrial products had already become effective. As of May of this year, these prepayment operations resulted in a cumulative total of $2.3 billion.

Financial market representatives say that a large part of the money which has come in since September in the form of foreign exchange contracts involving prepayment has come, in fact, from resources deposited abroad by the exporters themselves.

It makes no difference to the Central Bank where the resources come from, provided that they come into the country. "There is no interest in knowing the origin, and if it is the exporter's own money, this is ideal," the director of the BC said.

"Outside of Brazil, mechanisms for obtaining income from exports have been extensively used by Mexico and in fact have been the Mexicans' least expensive means of attracting foreign resources," Fraga Neto noted. He called attention to the fact that the interest rate for these operations will now be determined by the market. According to the earlier rule, prepayment would be governed by the Libor rate—that in effect on the London interbank market—plus an additional spread (risk rate) which could range from 0.325 to 1.125 percent. These limitations on the rate were imposed in September when the creditor banks were charging Brazilian banks abroad high interest to renew the financing lines for the old debt renegotiation projects 3 (trade) and 4 (interbank). These projects ceased to exist on 30 April, when the lines became voluntary.

Early Payment Regulations

Yesterday the Central Bank published Circular No. 1971 redefining the criteria for foreign exchange negotiations using the "export with advance payment method." The full text of the circular follows:

Circular No. 001971

This circular redefines the criteria for foreign exchange negotiations using the "export with advance payment" method.

We are announcing that the officers of the Central Bank of Brazil, in a session held on 6 December 1991, determined, on the basis of Item IV in Resolution No. 91 dated 11 January 1976, that: Article 1. The application of resources in foreign currency to settle foreign exchange contracts for exports prior to the shipment of the goods is defined as "advance export payment."

Single paragraph. The advancement of resources in foreign currencies to pay for Brazilian exports for the purpose for which the first paragraph of this article provides may be effected by the importer or any juridical person abroad, financial institutions included. Article 2. The payment of interest on sums in foreign currency in foreign exchange contracts settled by means of advance export payments is allowed, in accordance with the form, periods, and conditions defined in the supplementary regulations. Article 3. The following will govern situations in which the shipment of goods is not effected within the period provided for the purpose:

I. An operation originally carried out on the basis of advance export payment may, at the request of the respective payer abroad, be converted into a monetary loan registered with the Foreign Capital Department of the Central Bank—Firce—under the provisions of Law No. 4131/62, amended by Law No. 4390/64, and the applicable regulations.

II. The Foreign Exchange Department of the Central Bank of Brazil may consider applications for authorization to remit foreign exchange abroad when the nonshipment of the goods can be determined unequivocally to have been the result of an act of God. Article 4. The banks authorized to engage in foreign exchange operations may process

applications for remittances for the return abroad of the residual value of the advances with which this circular deals.

Single paragraph. The residual value is considered to be an amount equivalent to up to 5 percent (five percent) of the original value of the advance. Article 5. The Foreign Exchange Department will promulgate the supplementary norms necessary for the implementation of the provisions of this circular. Article 6. This circular will be effective as of the date of its publication. Article 7. Circular No. 1803 dated 8 June 1990 is hereby revoked.

Brasilia, Federal District, 13 June 1991.

Arminio Fraga Neto, director.

* Investments Curtailed by Some Multinationals

91SM0359B Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 2 Jun 91 p 1

[Article by Fernando Pesciotta and Gleise de Castro, with Luiz Guilhermino]

[Text] Some of the leading multinational industries operating in the country have ceased to invest money in expansion and new projects. Alarmed by the recession and the decline in sales and profits, the executives at these enterprises have been instructed by their home offices to be cautious. Foreign investments in Brazil have been limited for some time, but now the enterprises themselves are urging a policy of waiting for better opportunities.

Anselmo Nakatani, president of the international Furukawa company, one of the largest manufacturers of aluminum cable, was in China two weeks ago, where he observed the vast expansion of the industries in that country financed by Japanese investments, with "cheap money" for the Chinese. "It is even painful to see Brazil wasting its opportunities," he noted regretfully. Production at Furukawa in the early months of this year was down to 30 percent of capacity, and invoicing was down to the same extent.

Because of poor performance in the first half of the year, Furukawa canceled all of the expansion projects. Of the $20 million it was to invest over three years, the enterprise decided to retain only the programs for increasing productivity. "But we know that the Japanese will only resume investment in Brazil when the country reaches an agreement with the International Monetary Fund (IMF) on payment of the back interest, as well as an agreement with the World Bank," Nakatani stated. He gave assurance that under these conditions, the Japanese Government would release the resources in the Nakasone Fund, and businesses would begin to have greater confidence in Brazil.

The redefinition of world economic geography has also had a direct effect on the new investment decisions, as Humberto Motta, vice president of the Brascan Group, noted. "Brazil will have to compete, for example, with the United States, which has ceased to be be an exporter of capital to become an importer of capital," Motta noted. In addition to this, Germany, another heavy exporter of capital, is going to invest $75 billion in the unification with East Germany. And a large proportion of the resources of Japan and the so-called "Asian tigers" is being channeled into the United States, Canada, and Mexico.

In order to compete on this market, according to Motta, the country needs a stable economy with a rate of inflation reduced to between 15 percent and 20 percent per year. The Brascan Group, financed by Canadian capital, which has operated in Brazil for 92 years and is active in the mining and construction sectors, among others, has now cut back the investments planned for 1990 and 1991.

Alcan, the largest producer of aluminum in the country, has suspended practically all of the investments planned for this year, a total of $70 million, at its 12 plants. "We have decided to retain only what is essential and will avoid the need to shut down," Antonio Conde, foreign relations director at that enterprise, said. According to him, there is no way to justify investments at a time when a "brutal" drop in consumption and a continuing tight-price situation are being seen on the aluminum market.

Another multinational company which has decided to review its plans for investment in the country is the Hoechst Group, which is made up of 13 enterprises operating in the chemical, petrochemical, and pharmaceutical sectors. After seeing a decline of 80 percent in its net profits in 1990 to a total of $3.6 million, Hoechst cut back the investments of $50 million per year between 1990 and 1994 initially planned. In 1990, it invested $38 million, and for this year, it is scheduled to put only $15 million into maintenance.

The BASF, the largest German group operating in Brazil, suffered a cumulative loss of $34 million last year. In 1989, the enterprise invested $80 million. The following year, it reduced the amount to $50 million, the same amount is being retained for this year.

"The decline in investments has been a fact for some time," Rubens Branco, a partner in and director of the Arthur Andersen consulting firm, said. According to him, the information available now confirms a study made by Arthur Andersen in March of foreign enterprises established in the country. Latin America will receive the lowest percentage—4 percent—of the investments planned for the coming years. Last year, of the $14 billion destined for the Latin American countries, $8 billion went to Mexico. Brazil, which also ranked behind Venezuela, Chile, and Argentina, received only $400 million.

* BC Expands PROEX Financing Sources

91SM0383A Sao Paulo GAZETA MERCANTIL in Portuguese 14 Jun 91 p 1

[Article by Maria Clara R.M. do Prado: "Product List To Be Reduced"]

[Text] Brasilia—The government economic sector is drafting the regulations which will govern the implementation of the Export Financing Program (PROEX). It replaces the old FINEX [Financing and Export Fund], which was eliminated at the end of the Sarney government. However, the new program will be implemented within

certain limits to accommodate the national treasury budget restrictions. The list of products which can be financed will be shortened, the interest rate will be equalized up to a certain ceiling, and applications will be analyzed case by case.

President of the Republic Fernando Collor de Mello approved the law creating the PROEX prior to his departure for Sweden, but he vetoed an article introduced by Congress which simply made the entire program unworkable.

The article blocked access for foreign enterprises with headquarters outside the country to the benefits of equalization of the interest rate, which is precisely the central aspect of a program designed to make financing conditions for importers who buy products from Brazil competitive. The members of the national Congress will have to consider the presidential veto, but it can only be overridden by an absolute majority of the votes (requiring a minimum of 252 deputies and 41 senators).

The Congress has 30 days in which to make a determination. After that period has expired, the proposal will remain on the agenda, blocking the voting schedule, until the parliamentarians reach a decision.

The plan for equalizing interest rates within the PROEX is designed to effect a change which will protect the national treasury against substantial upward surges of the rates in effect on the international market. The plan is to subsidize the difference between the interest rate announced by the Organization for Economic Cooperation and Development (OECD) and the rate charged by the foreign banks financing imports of Brazilian products, up to a certain ceiling.

In the FINEX era, the national treasury covered the entire difference between the announced OECD rate and that charged by the bank, using budget resources. What is wanted now is to operate with a system of interest ceilings which take the financing period, as well as the category of the importer country (developed or undeveloped), into account.

The limit on interest rates for the purposes of the subsidy will be defined by a commission to be appointed for the specific purpose of working with the PROEX and analyzing the applications for financing under the new rules, since there will cease to be the automatic classification which existed with the FINEX. The interested parties will have to send their applications to the commission, which will assess each one of them before approving the operation involved.

According to the law approved by the president of the Republic, the PROEX will cover the charges falling due as a result of the operations already carried out within the context of the FINEX. The national treasury covered the equalization of interest rates connected with operations for which the FINEX contracted up to December of last year, this newspaper was informed yesterday by Alvaro Manuel, the deputy director of the national treasury. From January to the present, however, due to the lack of a specific law, there has been no way to provide continuity for the subsidy plan.

It is now expected that the government will have to establish some mechanism, such as, for example, the possibility of refinancing these operations within the framework of the PROEX norms, so that the sums which fell due between 1 January and the effective date of the new law can be covered by the treasury.

The following are the points which are to guide the functioning of the new program:

—The list of products which can be financed by the PROEX is to be shortened, with the total of 470 plus products covered by the FINEX being reduced to something like 240. The intention is to eliminate from the program the so-called "shelf products," so termed because they are mass-produced.

—There will cease to be any automatic classification of operations. Each application will be analyzed by a commission formally appointed for the purpose in the Ministry of Economy sector.

—Financing will be allowed for a maximum period of eight years.

—There will cease to be any exporters' risk, provided that operations are accompanied by a "buyer's credit" (credit to the purchaser). In the FINEX era, it was the Brazilian exporter who assumed the risk of possible nonpayment by the importer. Now the bank which is financing the operation assumes the risk. The foreign bank finances the importer who wants to purchase Brazilian products at market interest rates, but the national treasury will cover the difference between the rate charged by the bank (up to an established ceiling) and the rate announced by the OECD, as a way of making Brazilian exports more competitive. The lower financial cost will help to bring the price of the goods abroad down.

—The equalization of interest rates will be governed by a kind of schedule to be drafted by the commission appointed to work with the PROEX. It will be its task to determine what rates will be used as ceilings. They will vary as a function of the financing period (the longer the period, obviously, the higher the interest rate which will serve as the ceiling) and the category of the importer country (the more developed it is, the higher the rate will be). And there will also be ceilings for each type of interest rate—fixed, variable, and pegged to the dollar or another strong currency.

—There is no provision for the prefinancing of exports. Therefore, financing under the PROEX is only to be implemented after the goods have been shipped abroad.

—The equalization of interest rates will pertain to 85 percent of the amount of the financing of the import, both under the "buyer's credit" system and under the "supplier's credit" system. In the latter case, the financing will be provided in cruzeiros and will be

banked by the national treasury. The exporter will receive the advance payment (15 percent is the down payment by the importer, and the 85 percent equivalent of the financed value) from the treasury after the shipment of the goods abroad and the delivery of the export bills of exchange (these are a kind of promissory note guaranteeing payment by the importer) to the bank which is guaranteeing them on behalf of the treasury. As the importer repays the financing, settling the bills of exchange, the treasury will receive the portions owed to the exporter. The intention is to establish the interest rate for national treasury financing at about 7 percent per year, thus implying a subsidy, since here there is no equalization scheme.

The BC [Central Bank] will have to determine the period in which the exporters' payments can complete settlement of the bills of exchange. The present deadline is 45 days after the shipment of the goods.

* Joint Ventures in Technology Transfer Promoted

91SM0374C Sao Paulo GAZETA MERCANTIL in Portuguese 8-10 Jun 91 p 11

[Article by Recife correspondent Antonio Gutierrez]

[Text] Businessmen from Brasilia and eight Brazilian states will be able to receive assistance in contacting overseas partners to set up joint ventures in the field of technology transfer.

Last Friday in Recife, the Ministry of Foreign Affairs officially launched a project to attract foreign investment and arrange technology transfers, a move intended to encourage cooperation between businesses. This mechanism will help achieve the objectives of the industrial competitiveness and quality and productivity programs (PCI/PBQP) recently announced by the federal government.

According to Luiz Jorge Rangel de Castro, head of the trade development department of the Ministry of Foreign Affairs, the latest project is intended to promote investments in Brazil by industrialized countries, and also to channel Brazilian investments into countries that are less developed.

Companies taking part in the project will be able to receive technical and financial support from international entities such as the Inter-American Development Bank (IDB), the European Economic Community (EEC), and the international trade center of the GATT. The EEC, for example, operates a joint venture financing system that guarantees a maximum of $1 million in outright grants for each project. Castro notes that this could be a resource for Brazilian companies.

The pilot phase of this project is expected to last six years and to involve the following Brazilian states: Rio Grande do Sul, Santa Catarina, Parana, Sao Paulo, Rio de Janeiro, Minas Gerais, Bahia, Pernambuco, and the Federal District.

In order to participate, the Brazilian entrepreneur needs to draft a detailed plan for the kind of business he intends to conduct in association with a foreign company and submit it to his state's Industrial Development Agency.

The proposal will be forwarded to Itamaraty, which will be responsible for locating potential partners for the enterprise. Pernambuco, for example, plans to give priority to investments in the areas of irrigation, mining, and tourism.

Foreign partners will be sought from the United States, Japan, Canada, Germany, Italy, Spain, France, the United Kingdom, Sweden, The Netherlands, and Belgium. Plans for Brazilian investments in other countries will be directed toward Mexico, Peru, Argentina, Venezuela, and Portugal.

Small- and medium-scale companies will be the priority, but not the exclusive, target of the project, according to Castro. He thinks it will be easy to arrange exchanges between Brazilian and foreign companies of the same size, given the creation of economic blocs among developed countries. "The trend is for innumerable small and medium firms to direct their offers of investments and technology transfer to peripheral economies, as a way of surviving the accentuated horizontalization that is likely to occur during the integration of the developed economies," Castro explains.

* Poll Shows Businessmen Oppose Trade Opening

91SM0354E Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 21 May 91 p 3

[Article by Rolf Kuntz: "Businessmen Do Not Like Trade Opening"]

[Text] Half of the leading firms in Brazil will have difficulty meeting foreign competition, according to responses obtained in a poll conducted by the National Confederation of Industries (CNI). The majority of the 699 business executives polled believe the trade opening is too rapid (see table), but only one-third mention any "significant" measures to adapt to the new situation. Most of the responses cited improvement of quality control as the principal measure that needs to be taken. Almost no plans for investment in plants or machinery are being revised.

Competition from imported products is still weak, however, according to 78.4 percent of the opinions expressed. This is explained, the CNI says, by the moderate growth of imports in 1990. The bureaucratic restraints were reduced gradually, and the recession has limited purchases of foreign products.

The questions were directed to large and midsize companies which in their respective sectors are leaders in terms of sales, and the responses were collected up to 15 March. In terms of majority control of capital stock, 68 percent of these industries are privately-owned domestic firms, 14.6 percent are foreign-owned, 3.6 percent are state enterprises, and 13.6 percent are unclassified.

The trade opening was viewed as too rapid by the executives of the machinery, rubber, chemical, textile, electrical equipment, and communications equipment industries. These are, generally speaking, the industries that are least prepared to compete, according to the responses of their leaders. In the electrical and communications equipment

sector, for example, 77.8 percent of these appraisals give the impression of companies that are "poorly prepared." In the case of the textile sector, 62.3 percent of all responses were of this type. A greater opening of the market for informatics products is advocated by most of the executives who were polled: 65.2 percent believe that the restrictions on the importation of informatics products are a "very significant" obstacle to modernization.

Decisions made with respect to investment, however, have been little affected by the trade opening. Only 27.4 percent indicate any "positive impact" on their investment policies. The principal measures recommended to assist in adapting to the new situation are in the managerial area. In order of their priority, they are: quality-control measures, rationalization of production, training, increased investment in technology (which heretofore has been almost negligible), renegotiation of prices with suppliers, the purchase of machinery and equipment, and increased importation of components.

Port and transportation costs are the principal obstacles to exportation cited by most of those polled. A policy of special incentives shows up as a third major concern, followed by the exchange rate.

In the opinion of most of the industries, the behavior of the market depends primarily on the power of the suppliers, on the degree of competition among companies, and on the power of the consumers. The speed with which new products are introduced on the market is, generally speaking, regarded as the least important factor on the list of six.

The Threat That Comes From Abroad: Reactions of Industries to Foreign Competition

Speed of Opening	Responses
Rapid	54.5percent
Slow	44.3percent
Ability To Compete	
Poorly prepared	50.6percent
Well prepared	48.3percent

Source: CNI

Changes advocated, in order of priority (source: CNI):

- 1. Institute quality-control programs.
- 2. Rationalize production lines.
- 3. Train personnel.
- 4. Invest in technology.

Colombia

Government-Rebel Peace Talks Postponed

PA0807022591 Bogota Radio Cadena Nacional in Spanish 1200 GMT 7 Jul 91

[Text] The dialogue between the national government and the Simon Bolivar National Guerrilla Coordinating Board [CNGSB] that was scheduled to restart on 15 July has been postponed a few more days, according to Alfonso Cano, member of the FARC [Revolutionary Armed Forces of Colombia] high command and of the CNGSB negotiation commission.

From Caracas, Venezuela, Mr. Cano said in an interview with Radio Cadena Nacional that this situation has come about because it has been impossible to travel to Colombia to make some consultations with respect to the initial rounds of talks in Venezuela.

The CNGSB spokesman said that traveling to Colombia by members of the commission who were at the negotiating table has been impossible because the region where the helicopters were scheduled to arrive has been under military operations.

CNGSB Actions Continue Despite Talks

PA0707043091 Bogota Inravision Television Cadena 1 in Spanish 0100 GMT 7 Jul 91

[Passages within quotation marks recorded]

[Text] The Simon Bolivar National Guerrilla Coordinating Board [CNGSB] offensive continues in various areas of the country. The last power tower was blown-up in Campamento, Antioquia Department. Two small bombs exploded in Cartagena—the first went off at the main office of (?INURBI) [expansion unknown] in the Gaviotas neighborhood and caused minor damage; the second exploded at the home of industrialist Julio Mario Santo Domingo inside the wall-protected area in Cartagena and damaged one window. The self-proclaimed Popular Revolutionary Commandos claimed responsibility. Today we spoke to Government Minister Humberto de la Calle Lombana about the public order situation and what lies ahead with the guerrilla talks.

[Hernan Motta, Patriotic Union spokesman, in 5 May broadcast] "The order has been issued to suspend guerrilla operations against economic targets."

This CNGSB message was not complied with even when direct talks began, or even now when the second round of talks are about to start. The guerrillas senselessness and their eagerness to show their military might has led them to increase their terrorist activities.

Despite the fact that the new constitution has been defined as a peace treaty, FARC [Revolutionary Armed Forces of Colombia] and ELN [Army of National Liberation] followers do not want to accept it and instead brandish their weapons with greater spite.

[De la Calle] "These attacks are not against an abstract legal order or against the government. The attacks are against the riches that belong to all Colombians—oil, gas, and petroleum pipelines; radar for air navigation security."

No excuse is valid for the government. What the guerrillas are demonstrating is their political contradiction and their reluctance to take part in the country's changes.

[De la Calle] "The democratic process we are experiencing is so clear and open that it does not allow any room for the

guerrillas' causes in a society that has understood that its first duty is to reject violence."

The government's position remains unchanged—dialogue, but without paralyzing the Armed Forces' mission to counter subversive actions. That is why on 15 July the government will once again go to Caracas to reinitiate the talks. Perhaps the government's moderate optimism may by then have slipped several notches due to the CNGSB's unreasonable attitude.

* Assembly Committees Continue Sessions

91SM0358C Bogota EL TIEMPO in Spanish
19 May 91 p 8A

[Text] The Constituent Assembly concluded the first phase of its deliberations this week. Over a period of nearly 3 months of intensive deliberations, five standing committees completed what might be called an initial draft of the new constitution.

Nearly 350 articles were approved and sent on for consideration by the plenary session, where they will be subjected to two intensive debates, as provided by the bylaw.

First Committee

Rights Charter

The First Committee accomplished one of the main "transformations" to which the Constituent Assembly was committed. Its attitude was heavily influenced by its makeup: 3 Liberals, 2 members of the Social Conservative Party (PSC), 3 from the National Salvation Movement (MSN), 1 cleric, 1 Indian, 1 member of the Patriotic Union (UP), 1 from the EPL [Popular Liberation Army], and 5 from the M-19.

Among its principal reforms is the concept of God as contained in the new constitution, no longer the "supreme source of authority," as the existing constitution reads, but the "protector of the people."

A new concept of the nation of Colombia was created. It will now be defined as a unitary, decentralized republic with autonomous territorial regions.

Sovereignty, which according to the present constitution resides in the nation, will now reside in the people.

Education, traditionally a forgotten area, received special attention from the committee and, among other accomplishments, it was resolved that instruction will be compulsory and free until the age of 15 in educational establishments run by the government.

For the first time, the constitution recognizes the multiethnic and multicultural nature of the Colombian people.

Spanish will be elevated to the status of the official language of all Colombians.

The committee responded to an old aspiration of Colombians residing abroad and they will no longer lose their nationality when they become naturalized citizens of other countries.

It was also resolved that Colombians will legally come of age at 17.

The committee approved a lengthy rights charter. Prominent among the rights contained in the charter is protective guardianship, which means that any person who feels that his rights are threatened by a private party or official may seek protection simply by appealing to a judge.

Special importance was granted to the protection of citizens in legal proceedings and the committee resolved, among other things, that any confession obtained under torture would be invalid. Nor can anyone be deprived of his freedom without a written legal warrant except in the case of flagrancy. "Habeas corpus" was elevated to constitutional status and it was established that the appeal must be resolved within 36 hours.

Freedom of religion was sanctioned, and the Catholic religion will no longer be the nation's official religion, as stated in the present constitution.

Concerning the right of information, the right to replication was approved, but the creation of a special court to judge the press was rejected. The committee approved an article establishing that government radio and television will be regulated by an autonomous entity.

The commission heeded one of the most express mandates which the people gave to the Assembly, that of moving toward a more participatory democracy. It ruled that citizens will be able to participate in the determination of the nation's fate by plebiscites, referendums, elections, open council meetings, and the recall of elected officials and legal measures.

By a majority, the committee decided that the law may regulate compulsory voting.

It opened the way for the constitution to contain one statute for political parties and movements and another for the opposition. In developing these principles, it was established that political parties and movements and even certain social organizations that participate in elections have the right to have the government finance their activities and campaigns.

Second Committee

Strengthening Provinces

The Second Committee approved reform of the country's territorial organization as contained in 46 articles having one common denominator: strengthening the so-called Colombian "province," which for over a century has been subject to centralized decisions.

First of all, it created three new "echelons" in the organization of the nation: regions, provinces, and metropolitan districts, which join the departments and municipalities.

The most controversial chapter was the one on the region, defined as an association of departments or part of them, with full autonomy for planning development, carrying out whatever projects are required, and electing a legislative assembly.

A limitation was placed on officials in the service of the new territorial entity, who must be part of the existing bureaucracy, but a provision stipulating that their resources be exclusively allocated for investment did not pass.

The committee extended the popular election of mayors and councilmen to 4 years, created the figure of alternative mayors, and proposed the popular election of governors and departmental councilmen (deputies), also for 4 years.

For the first time in the country's constitutional history, the charter would have a special regime for Indian territories. The committee passed a complete statute seeking to preserve the autonomy and traditions of aboriginal peoples in all fields.

It also elevated to the category of departments, on an equal footing with those already in existence, the three intendancies and four commissariats. In addition to becoming a new department, the archipelago of San Andres and Providencia would have a special regime in order to prevent an explosion of immigration.

The committee passed "programmatic voting" in the election of mayors, in which citizens elect not only the person, but the program presented during the campaign. The elected official is required to do what he promised.

Recall of elected officials was introduced for all uninominal elections except that of the president. Recall could thus affect mayors and governors and, in the future, be extended to councilmen and departmental councilmen.

The committee passed a new status for Bogota, which it proposes to turn into the Capital District. Based on the proposal, the city may be divided into localities (for example, Fontibon, Kennedy, Usaquen), which would elect their own mayor and council by popular vote.

It also created metropolitan districts. Cities of over 300,000 inhabitants would form them together with nearby municipalities with which they have territorial, economic, and social ties.

Third Committee

Congress and Political Reforms

The set of proposals that will go to the plenary session, as approved by the Third Committee—some 60 articles—may reflect the essence of what political reforms will be comprised of.

On this committee, the AD [Democratic Alliance] M-19 played a leading role, having managed to place five of its delegates, including Antonio Navarro, on it. The latter acted as conciliator between the left and right in the discussions. He was careful to have at his side constitutional expert Alvaro Echeverri Uruburu, who was quick to compare positions with "Nunist" Hernando Yepes Arcila.

Approval of congressional censorship of ministers by Congress was one of the first issues taken up by the committee. This mechanism strengthens the functions of the Legislative Branch inasmuch as political control will be much tighter with respect to the ministers' performance. This mechanism is typical of parliamentary regimes.

In contrast, as a result of an internal committee agreement, reforms concerning the Armed Forces were barely touched upon. The proposal on the minister of civil defense made no headway, nor was the military code altered. The basic change consisted in approving the fact that henceforth, the military arms of the state: the three branches of the Armed Forces and Police, will be referred to as the "Public Force."

Nearly all attention was focused on congressional reform. The committee did not hesitate to dismantle nearly completely reforms undergone by Congress in 1968. It did away with congressional assistants, foreign travel that cost the public treasury billions of pesos annually, the possibility that a congressman might be simultaneously elected, along with his family, to other bodies such as councils and assemblies, and the legality of his making contracts with the government.

In order to make Congress more active, two annual sessions were provided for. The Senate was given responsibility for ratifying ambassadorial appointments and its role as co-participant in drafting of the development plan was restored. Harsher sanctions were imposed for absenteeism.

In addition, by a bare majority, 7 to 6, it passed the proposal of a single chamber, an issue that will rouse great debate in the plenary session.

This will likewise be true of the successful proposal on reform of Article 121, the hardest point to negotiate in the committee. In the end, a controversial text was imposed sanctioning the state of siege—for foreign wars—and the state of emergency for domestic conflicts. Few were happy agreeing that Congress should rule on approval of extending the state of emergency, so that it is assumed that ensuring law and order is the exclusive province of the Executive Branch.

With respect to the matter of broadening political participation, one should note the proposal enabling citizens to abolish laws by referendum and eliminating a series of qualifications for the election of senators.

Fourth Committee

New Accusatory System

The abolition of extradition and the creation of the Office of Attorney General and the Constitutional Court were among the most controversial issues in the field of justice debated by the Fourth Committee.

Nonextradition of nationals, discussed by the Assembly's First and Fourth Commissions, was one of the most heated issues of an intense debate on 14 May.

With 16 votes in favor, 4 against, and 4 abstentions, the proposal presented by Constituent Assembly delegate Diego Uribe Vargas was passed. Its preliminary portion states that "The extradition of Colombians is prohibited."

For its part, the Supreme Court of Justice was reduced to the status of an appeals court.

At the same time, the Council of State was invested by the nine members of the Committee on Matters of Justice with special powers to oversee the legality of administrative acts, executive orders, and regulatory framework laws. It will therefore become the government's main advisory organ.

However, the court will not simply act as a mere appeals instance. Rather, as the highest body, it will be responsible for trying government officials.

To this highly debated situation of the court, according to several jurists, was added the creation of the so-called Constitutional Court.

"This is a step backward in the country's democratic process," said Judge Pablo Caceres Corrales, chief magistrate of the high tribunal.

According to that jurist, the Constitutional Court is not only "inappropriate for the country, but the product of clear political interests."

Another of the issues awaiting debate by the Assembly's plenary session is the Office of Attorney General, which would be made up of nine judges serving a term of 9 years, chosen from lists sent to the president by the High Council of the Judicature.

The Judicial Police will come under the Office of Attorney General.

Fifth Committee

Economic Reform: Toward Privatization

Where is economic reform headed? In the light of what was passed by the Fifth Committee, on which the Democratic Alliance M-19 was heavily represented, along with a political balance of traditional parties, there were two marked tendencies: privatization and decentralization.

In accordance with proposals passed by the committee, private parties will be able to participate in every activity, ranging from the production of liquors to supplying public services.

The first proposal passed and sent on to the plenary session concerned the environment, an issue that will be elevated to constitutional status in terms of protection and control.

All discussion ensued from this, most of it intense and controversial. For example, private property came in for analysis by two committees: the Fifth and the First.

It emerged strengthened. The government's proposal to authorize expropriation by administrative means in cases having to do with agrarian and urban reform and the construction of public works went down to defeat.

Expropriation without mediation by judges may be carried out in what is called specific cases, but based on regulations by Congress.

The government did indeed win on the issue of a ban on the seizure of property. This issue was incorporated into a proposal drafted by a subcommittee that included Ivan Marulanda, Guillermo Perry, and Jaime Benitez.

An effort was made to check construction and illicit enrichment. The proposal was replaced by administrative expropriation when properties were obtained illegally.

During debate on the issue, one of the most controversial to come before the committee, the need to provide a constitutional guarantee of the right of all Colombians to own property was emphasized, said to be an indispensable requirement for strengthening economic development and attracting foreign investment.

The committee also passed an issue called the economic regime, meaning that every government must draft a development plan to be presented for consideration by Congress, after being passed by a committee made up of representatives of the Executive Branch, production, labor, and culture.

There now exists a Planning Committee made up of an ad hoc congressional committee. It has never met.

What about reform of the system of fiscal control? The Office of Comptroller General will continue its work because the auditing chamber proposed by the committee was defeated.

The difference lies in the fact that the comptroller will not be appointed by Congress from a list presented by the president. The highest treasury official will be elected by the Legislative Branch, but from a list of names submitted by the Council of State and Supreme Court or new entities that might be created to replace them.

The most controversial issues debated, in addition to the question of ownership, were: distribution of the nation's tax revenue, divorce and abortion (considered under family law), and the Central Bank.

The following were approved: divorce and rapid reform of the concordat signed by the government and the Holy See; elimination of the Monetary Board and transformation of the Bank of the Republic into the Central Bank; and additional funds for departments and municipalities.

The committee also handled measures aimed at strengthening social rights and handling economic and ecological emergencies. Based on work done, the balance sheet was highly positive.

* Assembly Approves Election Second Round

91SM0366C Bogota EL TIEMPO in Spanish
28 May 91 p 3A

[Text] In a very busy day the traditional parties had a direct struggle with the independent political movements when the new structure of the executive branch of the government was decided. For its part the liberal movement split on the decisions to establish an office of vice president and the designation of a vice president.

During an agitated and at times confusing vote the plenary session of the Constituent Assembly approved at the first reading on 27 May a two round election of the president of the republic and the establishment of an office of vice president, which would replace the present system of designating a vice president.

With 64 members of the Constituent Assembly voting in favor it was decided that there will be a second round in the elections to choose the president, if none of the candidates obtains one half plus one of the votes deposited in the ballot boxes during the first round.

That second round will take place 4 weeks after the first round of the election. Only the two candidates who have received the largest vote in the first round will participate in the second round.

The president of the republic will be elected by the use of a voting card. There will be an opportunity to write in the name of a new candidate for the second round if one of the principal candidates becomes unavailable 2 weeks before the date of the second round.

The two round voting process was one of the most complicated arrangements approved until now at a plenary session of the Assembly. It was necessary to repeat the vote on this subject because of problems in drafting the article prepared by an ad hoc committee.

The text of the article finally approved on the second round of the presidential election is as follows:

"Article 26. The president of the republic will be elected for a term of 4 years by one half plus one of the votes which the citizens shall deposit secretly and directly in the form which the law shall determine.

"The election of the president of the republic will be held on a day provided for by law. If on this occasion no candidate shall obtain a majority such as that referred to in the preceding paragraph, a new vote will be held in which only those two candidates shall participate who obtained the highest vote during the first round and in which the candidate who obtains the largest number of votes will be declared to have been elected president.

"In case of the absolute absence of one of the candidates who had obtained a relative majority in the first round, the party or political movement which had nominated him will proceed to register a new candidate for the second round. If the absence of the candidate occurs less than 2 weeks before the date of the second round, the date of this second round will be postponed for 2 more weeks."

The supporters of the establishment of the office of vice president included liberal supporters of Samper, the M-19 movement, and other groups of independents. The National Salvation Movement was divided. Alvaro Gomez initially voted for the designation of the vice president [by Congress] but then voted for the establishment of the office of vice president.

The vote in favor of the office of vice president of the republic was 49 in favor and 19 opposed. The proposal for the designation of the vice president [by Congress] only received 30 votes.

The liberals who voted in favor of the designation of the vice president [by Congress] included: Guillermo Guerrero, Helena Herran, Hernando Herrera, Armando Holguin, Carlos Lemos, Alfonso Palacio, Gustavo Zafra, Jaime Castro, and Juan B. Fernandez.

The plenary session of the Constituent Assembly also approved by an ample majority the chapters of the constitution referring to the powers of the government in its capacity as the executive branch of public authority, as well as the powers of Congress and the judicial branch.

At the same time the assembly dropped a special chapter in which it defined the particular powers of the president of the republic as chief of state, chief of government, and supreme administrative authority.

The two chapters approved complete the role of drawing a dividing line between the duties of the government (the president and cabinet ministers) and those which pertain exclusively to the president. This was the way in which this matter was dealt with in the constitution after 1945 and modified in 1968.

* Poll Reflects Public Opinion on Assembly

91SM0366B Bogota EL TIEMPO in Spanish
27 May 91 pp 1A, 8A

[Article: "Poll by EL TIEMPO, Radio Caracol, and the CNC: Opinions Divided on Recall Elections"; first eight paragraphs are EL TIEMPO introduction]

[Text] What do the Colombian people expect from the Constituent Assembly? This great question which the country has been asking itself has been answered in the poll carried out in five cities, which brought surprising results in some cases and expected results in others.

Broad support for the elimination of state funded services for members of Parliament, the popular election of departmental governors, and severely limiting the ability of members of the Constituent Assembly to run in the next elections were the principal results brought out in the poll sponsored by EL TIEMPO, Radio Caracol, and the CNC (National Consultative Center).

The Colombian people were consulted on these subjects and other, equally controversial matters which are now being debated in the sessions of the National Constituent Assembly.

The poll was carried out in the cities of Bogota, Medellin, Cali, Barranquilla, and Bucaramanga, where 700 persons were interviewed. They included men and women between a minimum age of 18 and a maximum age of 55 and older, of different social backgrounds and who support different political parties.

At the same time proposals such as the extradition of Colombian citizens, the legalization of abortion, compulsory voting, and a tax increase were roundly rejected.

Those polled were also in agreement, although by a less overwhelming percentage, that there should be a unicameral Congress, divorce for Catholic couples, and the popular election of judges.

Other results included an affirmative vote for the establishment of the office of vice president and a negative vote on the privatization of television.

However, there were subjects on which public opinion was closely divided: recall elections, conscientious objection to military service, and plenary powers for the Constituent Assembly.

How Was the Poll Carried Out?

- The poll was carried out by the National Consultative Center in Bogota, Medellin, Cali, Barranquilla, and Bucaramanga between 18 and 20 August 1991.
- A total of 700 men and women participated in it, divided into four age groups. Minors had to be 18 years old to participate, and those of legal age could be over 55 or older.
- Included in the poll were all political groups, as well as social strata, educational levels, and whether married or unmarried.
- The margin of error of the sample was 4 percent.

What Does the Country Hope for from the Constituent Assembly?

The extradition of Colombian citizens, the legalization of abortion, compulsory voting, and an increase in taxes to finance the reforms made by the National Constituent Assembly were rejected by the great majority of the Colombian people polled by EL TIEMPO, Radio Caracol, and the National Consultative Center.

On the other hand those polled were in agreement on the popular election of departmental governors, the elimination of state funded services for members of Parliament, the establishment of strong regulations to prevent members of the Constituent Assembly from being candidates in the next elections, and the establishment of the office of vice president of the republic.

Those polled also showed that they were prepared to vote again for the convocation of the National Constituent Assembly, if this were necessary.

On these first nine subjects more than 60 percent of those polled were in agreement.

Furthermore, although the percentage was less, they also agreed that Congress should be a unicameral body, that divorce should be possible for Catholic couples, that judges should be elected by popular vote, and that television should not be privatized.

Nevertheless, there are other sobjects on which there was no predominant opinion because, although at first sight there was a relative majority, it must be kept in mind that the margin of error of the sample was 4 percent.

This was the case, for example, with opinions on recall elections for members of Congress (48 percent in favor, 42 percent opposed), the ineligibility of members of the Constituent Assembly to be candidates in the next elections (50 percent in favor, 40 percent opposed), full powers for the Constituent Assembly (51 percent in favor, 43 percent opposed), and the acceptance of conscientious objection as a basis for not performing military service (50 percent in favor, 48 percent opposed).

Subjects and Opinions

In the view of those polled, the Colombian people would like to vote in popular elections for three new kinds of position: vice president of the republic, departmental governors, and judges.

About 67 percent of those polled were in favor of the establishment of the office of vice president; 78 percent, of the popular election of departmental governors; and 57 percent, of the popular election of judges.

In general the political parties support those views. However, the National Salvation Movement (MSN) does not believe that judges should be elected by popular vote (57 percent). This opinion is shared by 48 percent of those polled from the upper social classes.

Members of Congress were well treated on the question of recall elections. However, this did not happen with the issue of prohibiting simultaneous holding of more than one elective office. About 64 percent of those polled think that members of Congress should not hold other, elective positions.

In terms of morality the country continues to respect its traditions. About 76 percent rejected the legalization of abortion. About 83 percent of the women and 70 percent of the men polled are opposed to it. By age group the differences of opinion were not significant, but they were by region. Those polled in Bucaramanga rejected abortion by 92 percent, while 70 percent of those polled in Bogota were opposed to it.

Conscientious objection to performing military service divided the sample almost in half: 50 percent supported conscientious objectors, while 48 percent opposed them.

Curiously enough, the majority of the men polled (54 percent) were opposed to recognizing conscientious objection, while a majority of women (55 percent) supported it.

It is also curious that the age group of 26 to 39 supported conscientious objection the most (54 percent), while those supposedly most involved—between 18 and 25 years of age—did not share this point of view (only 51 percent in favor).

The upper social classes are most opposed to conscientious objection (57 percent), while the lower social classes favor it more clearly (54 percent).

Finally, those polled said that they do not agree with the privatization of television broadcasting (55 percent) nor with increasing taxes to pay for the reforms which the Constituent Assembly may approve (85 percent).

Would You Vote Again for the Constituent Assembly?

There is no doubt: the National Constituent Assembly has been well received. About 68 percent of those polled would again vote for it, while only 18 percent would vote against it. The remaining 14 percent either did not know or did not answer.

As men are generally more politically conscious than women, they supported the Constituent Assembly more clearly (74 per cent). About 61 percent of the women polled supported it.

And it is not just in the Constituent Assembly where supporters of M-19 [former guerrilla movement] and the National Salvation Movement (MSN) act in almost the same way. Voters polled who support these groups acted in a similar way. They would again vote in favor of the Constituent Assembly (79 percent), followed by the conservatives (76 percent) and the liberals (70 percent).

The coming generation, those between 26 and 39 years of age, more clearly supports the Constituent Assembly (71 percent). The Constituent Assembly has the most support among the upper social classes (72 percent). Barranquilla is the city where more people would vote for the Constituent Assembly (75 percent), while Medellin would support it the least (58 percent).

Should the Constituent Assembly Have Full Powers?

Opinions changed in response to this question. Barely 51 percent of those polled thought that the Constituent Assembly should have full powers, while 43 percent thought that it should not have unlimited powers. And again, it was the supporters of M-19 and the MSN who answered more clearly in the affirmative (63 and 57 percent, respectively). They were followed by supporters of other political parties (50 percent), including the liberals (48 percent) and the conservatives (46 percent).

People of the upper classes and those between 40 and 55 years of age were most inclined to favor a Constituent Assembly with full powers (56 percent in both groups). Meanwhile, those most opposed to a Constituent Assembly with full powers are in the age group of 55 and above (51 percent) and from the middle class (45 percent).

Barranquilla supported the concept of a Constituent Assembly with full powers the most clearly (67 percent), while respondents in Bogota supported it the least (50 percent).

Should There Be Recall Elections for Members of Congress?

This is a thorny question and, for many people, the results may be a surprise. About 48 percent said yes, while 42 percent said no. The remaining 10 percent are undecided.

At first sight there would appear to be a slight majority in favor of recall elections. However, as the margin of error of the sample is 4 percent, the result is that public opinion is divided on this issue.

Those who most clearly favor recall elections are the supporters of the smallest political movements (56 percent). Then come supporters of the MSN (50 percent) and those of M-19, with almost the same level of support (49 percent). They are followed by liberal supporters (47 percent) and conservatives (42 percent).

The youngest persons polled, those between 18 and 25, most clearly support the possibility of recall elections for members of Congress (50 percent), followed by those of the other extreme of the age spectrum, people 55 and older (49 percent).

An equal proportion of liberals and conservatives (46 percent) lead those opposed to recall elections. In Bogota the largest proportion of those polled support recall elections (60 percent), while the majority of those opposed is the largest in Cali (59 percent).

Divorce for Catholics?

Although in the view of the Catholic Church marriages are indissoluble, 56 percent of those polled believe that there should be divorce for Catholic couples. About 43 percent are opposed to divorce, and 1 percent did not know or did not answer.

More men (62 percent) than women (50 percent) voted in favor of divorce, and those who favor it the most are between 26 and 39 years of age (61 percent), while middle class persons also favor divorce (59 percent).

Members of M-19 support the idea of divorce the most clearly (69 percent). Respondents in Barranquilla support divorce the most (66 percent), while those in Bucaramanga support it the least (41 percent).

The greatest opposition to divorce is among women (48 percent opposed, compared to 37 percent in favor), people over 55 (56 percent opposed), and the highest and lowest social classes (48 percent opposed).

Among political party supporters conservatives (56 percent) and followers of the National Salvation Movement (46 percent) opposed divorce to the greatest extent (56 percent).

Congress: Bicameral or Unicameral?

A unicameral Congress had the greater support (55 percent in favor, compared to 27 percent opposed). Some 18 percent did not know or had no opinion.

The supporters of the MSN and of M-19 supported this change the most (61 and 59 percent, respectively). Nevertheless, among political groups it was also members of the MSN who most wanted to continue with two houses of Congress (36 percent), followed by liberals (29 percent) and conservatives (27 percent).

Furthermore, a unicameral Congress has more supporters among those over 55 (62 percent) than among people of any other age.

Meanwhile, the youngest persons in the sample, between 18 and 39, who supposedly are most disposed to support

anything new, most preferred the present system of a Senate and Chamber of Deputies (30 percent) among all age groups.

Barranquilla led the cities which prefer a unicameral Congress (63 percent), while Medellin leads those who want a bicameral Congress (34 percent).

A unicameral Congress has more supporters among the middle class (57 percent), while a bicameral Congress has the most support among members of the upper classes (31 percent).

Should Extradition Be Prohibited?

There is no doubt. Some 82 percent of those polled think that sending Colombians abroad for trial should be ended. Only 15 percent believe that this practice should continue. About 4 percent do not know or have no opinion.

By political group the results are also overwhelming: 90 percent of the followers of M-19, 89 percent of MSN supporters, 83 percent of the liberals, and 81 percent of the liberals and other groups are opposed to extradition.

The city which least wants to continue with extradition is Bogota (88 percent), followed by Medellin (87 percent), Bucaramanga (80 percent), Cali (78 percent), and Barranquilla (75 percent).

Men and women are equally against extradition, almost in the same proportions: 83 and 81 percent, respectively. People between 18 and 25, as well as those between 40 and 55, are most opposed to extradition (84 percent) among the various age groups.

Respondents from lower class backgrounds want to see extradition prohibited the most (86 percent), followed by the middle class (83 percent), and the upper class (72 percent).

Compulsory Voting?

People like to have public offices filled by election but do not want to see compulsory voting. About 64 percent are opposed to compulsory voting, 33 percent are in favor, and the other 2 percent do not know what to answer.

The greatest opponents of compulsory voting are people with no political preference (70 percent), followed by those supporting small groups (69 percent) and the M-19 (66 percent).

Among those who wish to see a system of compulsory voting established, supporters of the MSN and of the conservatives want it the most (39 and 38 percent, respectively). The liberals follow with 36 percent in favor of compulsory voting.

By age group the breakdown is as follows: young people from 18 to 25 are most opposed to this idea (73 percent), while 44 percent of those over 55 want voting to be compulsory.

The largest proportion of those opposed to compulsory voting is in Medellin (70 percent) and the smallest proportion is in Barranquilla (58 percent).

The most supporters of compulsory voting are found among the upper classes (40 percent). The fewest supporters of compulsory voting are among the lower classes 67 percent opposed to the idea).

Should Services for Members of Parliament Be Abolished?

It is clear that few people want to hear again of improper activities or squandering public funds. Therefore, 75 percent of those sampled favor eliminating state funded services for members of Parliament. Only 21 percent are opposed to eliminating these services.

The MSN is the group most in favor of eliminating services to members of Parliament (89 percent), followed by those having no party preference (79 percent). Liberals and conservatives are in a dead heat (73 percent each).

People between 40 and 55 are those most opposed to state funded services to members of Parliament (77 percent). However, there are no substantial differences in the views of those polled of other ages.

Respondents in Bogota and Cali are most in favor of abolishing state funded services to members of Parliament (79 percent in each case).

The upper classes are most opposed to such services (83 percent), followed by the middle class (75 percent) and the lower classes (72 percent).

Constituent Assembly Members Ineligible for Other Elections?

In Congress and in the corridors of the Constituent Assembly, as well as everywhere else, people talk about making members of the Constituent Assembly ineligible to be candidates in the next elections. However, there is no predominant opinion on the matter.

About 50 percent of those polled think that members of the Constituent Assembly should not be candidates in the next elections. However, 44 percent believe that they should not be so limited. The subject is a draw.

Liberals and conservatives (53 percent each) are most opposed to seeing members of the Constituent Assembly photographed and making speeches in the balconies of Congress. Supporters of the MSN are similarly opposed (50 percent).

Those above 55 are most in favor of making members of the Constituent Assembly ineligible to run in the next elections (56 percent), while the largest proportion of those in favor of allowing them to run in the next elections (47 percent) are between 18 and 39.

Bucaramanga and Cali are the two cities where a majority of those polled want to know the least about those who have been members of the Constituent Assembly (54 and 53 percent, respectively).

Poll on Constituent Assembly and Other Political Issues
(in percentages except where otherwise indicated)

Question	Yes	No	Do Not Know/No Answer
Do you favor recall elections for members of Congress?	48	42	10
If you had to vote again, would you be in favor of or opposed to the Constituent Assembly?	68	18	14
Do you agree that the Constituent Assembly Should Have Full Powers?	51	43	6
Should divorce be permitted for Catholic Couples?	56	43	1
Which Congressional System do you prefer: unicameral or bicameral?	One	Two	Do Not Know/No Answer
Do you agree that the new Constituent Assembly should prohibit extradition?	82	15	3
Do you believe that voting should be compulsory?	33	64	2
Should state funded services to members of Parliament be eliminated?	75	21	4
Should members of the Constituent Assembly be ineligible to be candidates in the next elections?	50	44	6

Source: Poll sponsored by EL TIEMPO, Radio Caracol, and CNC